

Merlin Enclaves Private Limited

Fair Practice Code (FPC)

1. Background:

Merlin Enclaves Private Limited. “(hereafter referred to as ‘the Company’) is a private limited company incorporated under the provisions of the Companies Act, 1956 and is a Reserve Bank of India (RBI) registered Non-Systemically Important Non-Deposit Accepting Non- Banking Financial Company.

The Fair Practice Code (FPC) has been formulated by the Company in response to guidelines issued by Reserve Bank of India vide circular DNBS.CC.PD.No.266 / 03.10.01 / 2011-12 dated 26 March 2012 titled “Guidelines on Fair Practices Code for NBFCs” and amended as per Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 issued by Reserve Bank of India dated October 19, 2023.

2. Objectives of the Code

- 2.1 To ensure Fair Practices while dealing with the customers and promote good, fair and trustworthy practices by setting up minimum standards;
- 2.2 To ensure greater transparency enabling customers in having a better understanding of the products/services and taking informed decisions;
- 2.3 To ensure that clients are advised of the terms and conditions of products/ services provided in a comprehensive manner for their consideration prior to commitment of a transaction;
- 2.4 To monitor and administer client accounts in a fair and transparent manner consistent with the terms and conditions of the facility provided;
- 2.5 To ensure compliance of applicable regulations prescribed by RBI relating to fair practices.

3. Applications for loans and their processing

- 3.1 All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- 3.2 Loan application forms shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. The loan application form shall indicate the documents required to be submitted with the application form.
- 3.3 The application form received for sanction shall be acknowledged by the Company with a time frame of disposal by sanction / decline of the terms of the facility.
- 3.4 The parties signing the Loan Agreement may through mutual consultation change any/all the terms and conditions of the Loan Agreement and the same shall be binding on the parties.
- 3.5 The Company shall ensure that the rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customers in the application form and be communicated in the Letter of sanction. Interest rate shall be quoted on annualized basis to facilitate comparison by the borrower.

4. Loan appraisal and terms/ conditions

- 4.1 The Company shall appraise loan applications considering the risk-based approach and credit policy of the Company.
- 4.2 The Company shall convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. The penalties charged for late repayment shall be mentioned in bold in the loan agreement.
- 4.3 The Company shall furnish a copy of the loan agreement as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.

5. Penal charges in loan accounts

- 5.1 The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS), in addition to being displayed on websites, if any of the Company under Interest rates and Service Charges.
- 5.2 Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.
- 5.3 These instructions shall apply in respect of all the fresh loans availed/ renewed from the effective date. In the case of existing loans, the switchover to new penal charges regime shall be effective on next review or renewal date.

6. Disbursement of loans including changes in terms and conditions

- 6.1 Any change in the terms and conditions of the Loan shall be communicated by the Company by a Letter in the vernacular language or in the Language understood by the borrower and any changes in the terms shall only be from a prospective date, a mention of these shall be made in the Loan agreement signed by the parties.
- 6.2 Any decision to recall/accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
- 6.3 The Company shall release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim it may have against borrower. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled/paid.

7. Regulation of Interest Charged

- 7.1 The Company has laid down appropriate internal principles and procedures in determining interest rates and processing and other charges.
- 7.2 The Company has adopted an interest model taking into account cost of funds, margin and risk premium for determining rate of interest to be charged for loans and advances.
- 7.3 The rate of interest to be charged depends much upon the gradation of the risk of borrower viz. the financial strength, business, regulatory environment affecting the business, competition, past history of the borrower, etc.
- 7.4 The rate of interest will be annualized so that the borrower is aware of the exact rates that would be charged to the account.
- 7.5 The penal interest charged for late payment has been mentioned in bold letters in Loan Agreement.

8. General

- 8.1 The Company shall refrain from interfering into the affairs of the borrowers except for the purpose provided in the Loan Agreement (unless new information has come to the notice of the Company which was not earlier disclosed by the borrower)
- 8.2 A borrower may request for transfer of his borrowed account to another Company subject to approval of NOC from Company within 21 days of receipt of request. Transfer shall be as per the transparent contractual terms in consonance with Law.
- 8.3 The Company shall not resort to undue harassment in the recovery of Loan and shall not bother the borrower at odd hours, not use muscle power for recovery of Loan. The company shall use trained staff only for recovery and shall ensure that no rude behaviour from recovery staff shall be tolerated. Training will be imparted to ensure that staff is adequately trained to deal with Customers in an appropriate manner.
- 8.4 The Company has laid down an appropriate grievances' redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism should ensure that all dispute of misconduct and misbehaviour shall be heard and redressed at least at a next higher level. The Board of Directors

shall periodically review the compliance of the Fair Practices code and the functioning of the grievances' redressal mechanism at various levels of the management.

- 8.5 If the Company wishes to avail its right of set off of the amount due from the borrower, the Company shall give notice to the borrower about the same with full particulars.

9. Grievances Redressal Mechanism

- 9.1 The Company has displayed prominently at all its places of business for the benefit of its Customers that Mr. Deborshi Roy – Administrative/Nodal officer of the Company may be contacted at the following address for resolution of complaints against the Company.
Merlin Enclaves Private Limited
9B Wood Street, 4th Floor,
Kolkata-700016, West Bengal
Phone No.: 033-66062000, Ext. 157
Email: mepl@tcgnbfc.com
- 9.2 If the Complaints / dispute is not redressed within a period of one month, the Customer may appeal to the Officer-In Charge of the Regional office of the DNBS at the following address:
The General Manager,
Department of Non-Banking Supervision,
Reserve Bank of India,
15 Netaji Subhas Road, 5th Floor,
Kolkata-700001 Ph. 033-22310201
Email: doskolkata@rbi.org.in

10. Review & Amendments

- 10.1 FPC code should be reviewed from time to time and any shortcomings noticed on review shall be rectified and updated by the Company after obtaining sanction of its Board.
- 10.2 In case any amendments issued by Reserve Bank of India in form of clarifications, circulars or guidelines or by any other name, which may not be consistent with the current provisions laid down under this Code, then the provisions of such amendments / clarifications, shall prevail upon the provisions contained in the RBI communication and the provisions of the Code shall stand amended accordingly effective from the date as laid down under such RBI communique.