

FAIR PRACTICE CODE

This Fair Practices Code, as adopted herein below, is in conformity with the Guidelines on Fair Practices Code for NBFCs as prescribed by the Reserve Bank of India in terms of DNBR.PD.007/03.10.119/2016-17 dated September 01, 2016 wherein the Reserve Bank of India had issued Guidelines on Fair Practices Code for NBFCs and Circulars issued by the Reserve Bank of India from time to time relating to fair practices to be adopted by NBFCs.

PREAMBLE

VAIYAGAM FINANCE LIMITED is a Non-Banking Financial Company ('NBFC') operating under Reserve Bank of India ('RBI') regulations/directions and its activities are governed by the various Indian laws and RBI regulations/directions.

THE FAIR PRACTICE CODE

In pursuance of the directions issued by Reserve Bank of India for Non-Banking Financial Companies (NBFCs), the Company, has adopted the following code for fair practices while dealing with customers. The Fair Practice Code (FPC) covers the following areas:

1. Objective of the Code.
2. Our Key Commitments and Declarations.
3. Non – Discrimination Policy.
4. Application of the Code.
5. Applications for loans and their processing.
6. Approval - Loan appraisal and terms/conditions.
7. Disbursement of loans, including changes in terms and conditions.
8. Disclosures about Interest and Approach for Gradation of Risk.
9. Post disbursement supervision.
10. General provisions.
11. Responsibility of Board of Directors.
12. Grievance Redressal Mechanism.
13. Periodic Review – Fair Practice Code.

The Company would adhere to the Fair Practices Code mentioned hereinbelow in its functioning as a Non-Banking Finance Company.

1.OBJECTIVE OF THE CODE

This Fair Practices Code (FPC) is aimed to provide to the customers effective overview of practices, which is to be followed by the Company in respect of the financial facilities and services offered by the Company to its customers. This Code would facilitate the existing as well as prospective customers to take informed decisions in respect of the financial facilities and services to be availed by them or financial products which they may obtain from the Company

The Code has been formulated with the objectives mentioned as under:

- a) Promote good, fair and trustworthy practices by setting minimum standards in dealing with customers;
- b) Increase transparency through requisite disclosures by the Company as may be relevant to the customer and as prescribed by the Reserve Bank of India (RBI) from time to time;
- c) Strengthen up customer confidence in the Company.
- d) Promote a fair and cordial relationship between the customers and the Company

2. OUR KEY COMMITMENTS AND DECLARATIONS:

The Company shall act efficiently, fairly and diligently in our dealings with all our customers by:

- a) Meeting the commitments and standards in this Fair Practices Code for the financial products and services we offer, and the procedures and practices our staff follow;
- b) Ensuring that all the financial services meet relevant laws and regulation;
- c) Making the Company's dealings with customers / prospective customers rest on ethical principles of integrity and transparency;
- d) Providing professional, courteous and speedy services;
- e) Providing accurate and timely disclosure of terms and conditions, costs, rights and liabilities as regards financial transaction;

The Company shall help the customer understand how our financial products and services work by:

- a) Ensuring that our advertising & promotional literature is clear and is not misleading;
- b) Giving verbal information that is consistent with the literature shared with customer;
- c) Explaining financial implications of the transactions.

The Company shall deal quickly and proactively with things that go wrong by:

- a) Correcting mistakes quickly;
- b) Attending customer complaints quickly;
- c) Telling our customers how to take their complaint forward if the customers are still not satisfied with our assistance;
- d) Reversing any charges that we apply due to system error or due to our mistake, if any.

3. NON-DISCRIMINATION POLICY

The Company is strictly prohibited to engage in any form of discrimination towards the Company's existing as well as potential customers on the basis of gender, race or religion. Any complaints for violation of the same are to be communicated immediately to the Grievance Redressal Officer of the Company, whose communication details have been stated in clause 13. However, this does not preclude the Company from participating in credit-linked schemes framed for weaker sections of the society.

4. APPLICATION OF THE CODE

The Code applies to all products offered by the company.

The Company will continue to evaluate multiple products to meet the financing requirements of its customers. The Code will continue to apply to any product that is developed and provided by the Company to its customers.

5. APPLICATIONS FOR LOANS AND THEIR PROCESSING

All communications with the borrower shall be in a language understood by the customer, or in the vernacular language.

The Company will provide a detailed Term Sheet/ Sanction terms and conditions to the customer in a language understood by the customer, or in the vernacular language.

Loan application forms shall include necessary information which affects the interest of the borrower that will enable the borrower to make a meaningful decision. The loan application form shall also indicate the documents required to be submitted with the application form. Each Term Sheet will contain:

- a. Details of the facility, including annualized interest rates including method of application thereof, fees charged and any other costs applicable, prepayment options etc.
 - b. Terms and conditions of sanction, including covenants and conditions that the customer is to follow.
 - c. Necessary information required from the customer, including KYC requirements.
2. The Company shall devise a system of giving acknowledgement for receipt of all loan applications. Further, generally, the time frame within which the loan application will be disposed of would also be indicated in the acknowledgement.
 3. The Company will indicate in the Term Sheet that the terms provided herein are subject to internal credit, legal and compliance requirements.
 4. The Company will analyse / verify the information provided by the customer within a reasonable period of time. If additional details / documents are required, the Company will intimate the customers at the earliest.

6. APPROVAL LOAN APPRAISAL AND TERMS / CONDITIONS

The Company will ensure that there is proper assessment of each credit application. The assessment will be in line with the Company's credit and investment policies and procedures.

1. If the credit assessment meets all necessary internal credit and compliance requirements and is duly approved, the Company will convey, in writing, the final terms of sanction to the customer through a Sanction Letter. The Sanction Letter will contain the amount of loan sanctioned along with the terms and conditions including annualised rate of interest.
2. The Company will obtain an acceptance of the terms and conditions from the customer, as understood by the customer, or in the vernacular language, and keep the said acceptance on its record.

3. A copy of the facility agreement / documentation, along with a copy each of all enclosures quoted in the loan agreement will be furnished to the customer at the time of sanction/ disbursement of loans.

4. Penal interest charged in case of late repayment shall be highlighted in the loan agreement.

7. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

1. The Company will ensure timely disbursement of loans in conformity with the terms and conditions governing such loans as communicated to the customer.

2. The Company shall give notice to all its borrowers of any change in the terms and conditions - including disbursement schedule, interest rates, service charges, prepayment charges etc in a language understood by the customer, or in the vernacular language. The Company shall also ensure that changes in interest rates and charges are affected only prospectively. A suitable provision in this regard shall be incorporated in the loan agreement.

8. DISCLOSURES ABOUT INTEREST AND APPROACH FOR GRADATIONS OF RISK

- Rate of interest:

The Company shall intimate the borrower, the loan amount and annualized rate of interest at the time of sanction of the loan along with the tenure. The rate of interest shall be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.

The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

APPROACH FOR GRADATION OF RISK:

The decision to give a loan and the interest rate applicable to each loan account is assessed on a case-to-case basis, based on multiple parameters such as, borrower's profile, repayment capacity, borrower's other financial commitments, past repayment track record if any, the security for the loan as represented by the underlying assets, loan to value ratio, tenure of the loan, geography (location) of the borrower. Such information is collated based on borrower inputs and credit bureau. The rates of interest are subject to change as the situation warrants and are subject to the discretion of the management on a case-to-case basis.

The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the company. The information published in the website should be updated whenever there is a change in the rates of interest.

9. POST DISBURSEMENT SUPERVISION

1. The Company will carry out post-disbursement supervision in accordance with normal business practice, either directly or through its authorised agents (subject to compliance of RBI's directions on Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs as amended from time to

time) the signed facility documentation / Term Sheet, and the guidelines issued by the Reserve Bank of India from time to time.

2. The Company, either directly or through its authorised agent(s), will carry out any decision to recall / accelerate payment or performance under the agreement only after giving sufficient notice and in consonance with the facility documentation.

3. The Company, either directly or through its authorised agent(s), will release all securities on repayment of all dues or on realisation of the outstanding amount of any loan, subject to any legitimate right or lien for any other claim the Company may have against the customer, with prior notice to the customers. 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.

4. The notice will provide full particulars about the remaining claims and the provisions under which the Company is entitled to retain the securities till the relevant claim is settled / paid.

10. GENERAL PROVISIONS

1. The Company shall refrain from interference in the affairs of the customer except as provided in the terms and conditions of the facility documentation (i.e., unless new information not earlier disclosed by the customer, or the occurrence of a materially adverse event, has come to the notice of the Company).

2. The Company shall not charge prepayment penalty on floating rate interest loans sanctioned to individual customers.

3. In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise - i.e., objection of the Company, if any - shall be conveyed to the borrower within 21 days from the date of receipt of any request. Such transfer shall be as per transparent contractual terms in consonance with law.

4. In the matter of recovery of loans, the Company will adopt legally valid processes and not resort to undue harassment or use of force viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.

5. The company undertakes that its staff will be adequately trained to deal with the customers in an appropriate manner.

11. RESPONSIBILITY OF BOARD OF DIRECTORS

The Board of Directors of the Company shall lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard, which would include having a centralized team catering to the investor complaints, a dedicated email id for receipt of the complaints it would be ensured that all disputes arising out of the decisions of company's functionaries are heard and disposed under the supervision of the Principal officer or at such next higher level as determined by the Board of Directors. The Board of Directors shall also be provided for periodical review of the compliance of the Fair Practices Code and the functioning of the Grievances Redressal Mechanism at various levels of management. A consolidated report of such reviews shall also be submitted to the Board at regular intervals.

12. GRIEVANCE REDRESSAL MECHANISM:

1. The Company will designate an official (“Complaint Redressal Official”) to maintain a record of customer complaints. If a complaint is received in writing from a customer, the Complaint Redressal Official will take the complaint on record and maintain the same in a database.
2. The Complaint Redressal Official will endeavour to sort out the matter within fifteen days of receipt of a complaint.
3. In case the complaint requires more time the same will be informed to the customer. The customer would be updated at regular intervals regarding the status of the same by the Complaint Redressal Official.
4. The internal grievance redressal mechanism within the organization will ensure that complaints arising out of the action / misconduct by any functionary within the Company will be referred by the Complaint Redressal Official for developing solutions and disposal of the complaint
5. The Complaint Redressal Official appointed by the Company is Mrs. K.K. Veni, Vaiyagam Finance Limited.
6. Client who wishes to provide feedback or send in their complaint may use the following channels between 9:30 am and 6:00 pm, from Monday to Friday (except on national holidays).
 7. For the benefit of our customers, the above information on “grievances” be displayed at our branches/places where business is transacted. *In addition, drop facility may be kept at all branches to enable complaint letters to be physically lodged by the customers; a mechanism for maintaining log book for the same may be implemented.

Name: Ms K K Veni

Designation: Assistant General Manager

Address:VAIYAGAM FINANCE LIMITED

Vaiyagam Finance Limited

No: 27, Sudheshna Towers, L.I.G.Colony - II,

M.L. Puram (PO), Pollachi - 642002.

Coimbatore - Tamilnadu

Ph; 04259 223812, 225549 | Mob:

E-mail: ho@vaiyagamfinance.com

8. In case the customer is not satisfied with the response of the Complaint Redressal Official, the customer may escalate the complaint to Mr. Veerappan Aruchamy, Managing Director who may be contacted at the details given below:

Name: Mr. Veerappan Aruchamy

Designation: Managing Director

Address: Vaiyagam Finance Limited

No: 27, Sudheshna Towers, L.I.G.Colony - II,

M.L. Puram (PO), Pollachi - 642002.

Coimbatore - Tamilnadu

Ph; 04259 223812, 225549 | Mob: 9443333479

E-mail: md@vaiyagamfinance.com

In case the complaint/ dispute is not redressed within a period of one month of the complaint, the customer may appeal to the Officer-in Charge of the Regional Office of DNBS of RBI:

Designation: General Manager

Address: Department of Non-Banking Supervision

9. The Complaint Redressal Official may formally delegate the task of redressal revision,

Reserve Bank of India, Fort Glacis,

Rajaji Salai, Chennai – 600 001

Phone No: 044-25393406 Fax No: 044-25393797

Email ID: dnbschennai@rbi.org.in

of a specific complaint to a team member as suitable, with due information to the customer.

13. PERIODIC REVIEW FAIR PRACTICE CODE

A review of compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism would be done by the Management regularly and a consolidated report of such reviews will be submitted to the Board of Directors on a half-yearly basis. An updated copy of this code shall be put up on the Company's website. A consolidated Report on the compliance of the Fair Practices Code shall be presented to the Board of Directors periodically. The Board of Directors of the Company shall conduct a review of the same.