

## VALUVANADU CAPITAL LIMITED

### FAIR PRACTICE CODE

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**Policy Owner** : **HOD, Marketing Investment Products**

**Prepared by** : **Marketing Department**

**Reviewed by** : **Policy Review Committee**

**Approved by** : **MD & CEO, VALUVANADU.**

## **FAIR PRACTICE CODE**

(Last amended and approved by the Board on 22-01-2024)

### **A. Preamble**

Scope:

- a) This Fair Practice Code is a voluntary code adopted by **Valuvanadu Capital Ltd** ("the Company") to make our services available to all qualified applicants without discrimination of any kind and to treat our customers fairly. It aims to provide valuable inputs to Customers and facilitates effective interaction of customers with the Company.

Extent:

- b) The Fair Practice Code (FPC) will be applicable to all the offices of the Company including the Head Office/Administrative Office, the Regional Offices located in various centers and the Branches located across India. The FPC shall be binding on all the employees and officers of the Company.

### **B. Objectives**

The objectives of the FPC are as under.

- i. Adopt the best practices in dealings with customers.
- ii. Set challenging benchmarks and strive to achieve high operating standards for ensuring customer satisfaction.
- iii. Follow transparent, fair, ethical and legally tenable practices while conducting business.
- iv. Provide all necessary information and inputs to customers / prospective customers and promote a mutually beneficial long term relationship.
- v. Facilitate a continuously growing base of satisfied customers while scrupulously avoiding acquisition of customers having doubtful credentials or criminal background.

### **C. Important Declarations**

The Company declares and undertakes

- i. To comply with all the regulatory requirements in good faith.
- ii. To provide in a professional manner, efficient, courteous, diligent and speedy services in the matter of lending.
- iii. To meet with and improve upon the internally set benchmarks and practices and be ahead of the standards prevalent in the industry.
- iv. Not to discriminate against customers on grounds of religion, caste, gender or language.
- v. To be fair and honest in advertising and marketing of Loan Products.
- vi. To desist from introducing any products / services having elements of 'hidden charges' or lack of transparency.
- vii. To communicate in the local language with the customer and in English at the request of the customer.
- viii. To take all possible and reasonable measures to secure the safe custody of the security pledged by the customer and to compensate the customer for any accidental, inadvertent or fraudulent loss of the security whilst in the custody of the Company.
- ix. Not to take advantage of any unintentional or clerical error made by the customer while transacting business.
- x. To spread general awareness about potential risks in contracting loans and encourage customers to take independent financial advice and not act only on representations from the Company.
- xi. To put in place a system for promptly addressing complaints and suggestions of the customers supplemented with a structured Grievance Redressal Mechanism having an escalation matrix.
- xii. To display the FPC on its website and also make available to the Customer, on request, a copy of the FPC on demand.

### **D. Fair Practices**

#### **I. Application for Loans and Its Processing**

- i. All communications to the borrower shall be in the vernacular language or in a language as understood by the borrower.

- ii. Loan Application Forms 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 decisions can be taken by the borrower.
- iii. The Company shall ensure that a loan sanction letter/pawn ticket is given to the customer containing all the terms and conditions governing the loan facility in the local language or other language as understood by the customer. The loan sanction letter/pawn ticket will also mention the loan amount, loan account number, interest rate, charges, tenure of loan, loan processing fees etc. The loan sanction letter/pawn ticket which will bear the signature of the authorized official of the company will also serve as a receipt for the security (gold) pledged at the branch by the customer.
- iv. The Company shall not in the normal course make any changes / modifications in the terms and conditions of the loan, including rate of interest, which could adversely affect the customer financially or otherwise. In abnormal circumstances when such changes/ modifications are inevitable, keeping in view the new circumstances, adequate and proper notice shall be given to the customer about any such change/modification.
- v. The Company have implemented adequate steps to ensure KYC compliance as per RBI guidelines and sanctioning of our gold loans includes the following procedures
  - a) Proper assaying procedures for all jewellery
  - b) Adequate system to satisfy ownership of the company
  - c) Jewellery is properly insured and kept under safe custody.
  - d) The Auction procedures are disclosed in the loan agreement and highly transparent with adequate prior notice to the borrower with date of the auction, finally, the same shall be announced to the public by issuance of advertisements in two newspapers.
  - e) Gold pledged will be auctioned only through auctioneers approved by the Board of Directors.
  - f) Appropriate systems and procedures are put in place to avoid chances of fraud and misappropriations of pledged items by bifurcating duties of mobilization, operations and approval.

## II. Disbursement of Loan and Change of Terms

- i. On disbursement of the loan, Loan Agreement/pawn tickets/sanction letter should be prepared in duplicate and one copy will be issued to the borrower and the duplicate copy will be retained in the office after obtaining the signature of the borrower.
- ii. Any change in the terms and conditions of the agreement should be intimated to the borrower in vernacular language or in a language understood by the borrower and a copy of the same duly acknowledged by the borrower should be kept on record.
- iii. Rate of interest, Penal Interest and other charges are mentioned in the loan agreement/pawn ticket and the rate of interest and other terms will be revised only prospectively and not retrospectively.
- iv. Decision to recall / accelerate payment or performance of the loan will be only in consonance with the loan agreement.

## III. Recovery Of Dues, Exercise Of Lien & Delivery Of Security

- i. The Company recalls the loan only in unanticipated or abnormal circumstances where the Company's interests are adversely affected after giving sufficient notice as per the term of loan agreement.
- ii. The Company will make all possible soft or persuasive efforts to get the customer to repay the dues without resorting to disposal of the security. The Company does not accept nor will it encourage the use of any coercive or hard measures to recover its dues from the customer.
- iii. The Company will deliver the security to the customer immediately upon settlement of the loan in the same condition as was at the time of sanction of the loan. In case of any damage caused to the security (gold) due to mishandling by its employees, the Company shall at its cost get the damage repaired or alternately pay reasonable compensation to the customer on a case to case basis. If the security (gold) has signs of damage thereon, before being taken custody of by the Company at the time of sanction of loan, the fact will be briefly incorporated in the sanction letter (pawn ticket).

- iv. The Company will exercise only legitimate right of lien over the pledged security or such cash surplus as may arise upon settlement of existing loans at any time. Such right of lien shall arise only if the customer has any other dues, either directly or as guarantor, and will be subject to proper intimation of such right of lien being given to the customer by the Company.
- v. The Company shall issue a signed and, normally, a system generated receipt for all cash payments made by the customer immediately. The Company shall also accept payments via cheques, demand drafts, electronic transfers etc. subject to the condition that return of the security (gold) will be made only after confirmation of realization.
- vi. Even though the loan agreement and pawn ticket contains all applicable terms and conditions of the loan the Company shall, nevertheless, endeavor, on a best effort basis, to send advices, reminders etc. regarding due date for payment of interest, principal etc. by letter, courier service, telephone, SMS, other electronic medias etc.
- vii. The Company will resort to disposal of security only as a last resort and that too after adequate and proper notice is served on the customer to repay the dues. The disposal of the security will be taken up through public auction when the customer does not positively respond to the communications sent by the Company to close the loan account along with interest and other charges.
- viii. The company shall release all securities on repayment of dues or on realization of outstanding amount of loan, subject to any legitimate right or lien for any other claim the Company may have against the borrower. If such right of set off is 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.

#### IV. Internal Principles Governing The Interest Rates

- i. The Company has laid out appropriate internal principles and procedures in determining interest rates and processing and other charges. The rate of interest is arrived at based on the cost of funds, Multiple risk parameters such as borrower profile, Repayment

capacity, type of asset, administrative costs, risk premium etc. The Branch Manager/Assistant Manager will ensure that each loan is given a risk grade based on the background and credit worthiness of the customer. The branch shall ensure that gradation is done as normal risk, high risk and low risk on the application form itself based on the information collected from the customer. The decision to facilitate a proposal for loan and the interest rates are applicable on a case to case basis. 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 interest rates are subject to change as the situation warrants and are subject to management decisions based on the merit of individual cases.

- ii. Payment of interest/installment is considered as "paid" or "Complete" if the full amount due is paid on the respective date. "Part payments" shall be subject to penal interest/charges as per the terms of loan agreement/pawn ticket.

V. Grievance Redressal Mechanism

- i. The company shall endeavor to prevent, avoid and minimize complaints / grievances from Public/Customers.
- ii. The Company shall ensure that all its employees are properly trained and shall demonstrate courtesy to all Customers/public.
- iii. The name contact details (Telephone / Mobile numbers and email address) of the Grievance Redressal Officers shall be displayed on all the branches/offices of the company and also in the Web Site of the Company.
- iv. In case of any dispute/complaint, the public can approach the Grievance Redressal Officer who shall hear and dispose of the dispute within one month from the date of the complaint.
- v. In the event of non-disposal of the dispute/complaint within one month, the customer/public can approach the Officer-In-Charge of the Regional office of DNBS of RBI, 6, Sansad Marg, Sansad Marg Area, New Delhi, Delhi 110001, Ph: 011 2332 5225.



## VI. General

- i. The Company shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company.)
- ii. In case of receipt of request from the borrower for transfer of borrower account, the consent or otherwise i.e. the company's objection, if any, shall be conveyed within 21 days from the date of receipt of the request. Such transfer shall be as per transparent contractual terms in consonance with law.
- iii. In the matter of recovery of loans, consistent with its policy over the years, the company shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The company shall ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.
- iv. The company will maintain appropriate Grievances Redressal mechanism in the organization to resolve any dispute arising out of loans and advances. The mechanism would ensure that disputes arising out of the decisions of the sanctioning authorities are heard and disposed of at the next higher level. The Board of Directors of the Company would conduct periodic review of the compliance of the Fair Practice Code and the functioning of the Grievances Redressal Mechanism. A consolidated report of such grievances would be submitted to the Board at quarterly intervals.

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