



VRUKSHAMICROFIN PRIVATE LIMITED

FAIR PRACTICES CODE



CODE OF CONDUCT

The Code of Conduct of VMPL lays out the company's principles, standards, and the moral and ethical expectations that employees and third parties are held to as they interact with the Company.

INTEGRITY

- The employees shall be honest, fair, and respectful to words Customers.
- They would maintain secrecy of confidential Information given to them in the performance of their duties.
- They would take responsibility to complete the tasks accepted by them.
- They would accept their mistakes and take steps to correct them.

TRANSPARENCY

- To provide all terms & conditions of the loans provided by the company upfront.
- To be truthful in all the information shared with employees, Customers and other Stakeholders
- To provide rate of interest levied and method of charging (i.e. reducing balance) periodically of charging interest, terms of repayment and information about processing charges. Also, to declare upfront that there are no pre-closure charges.
- To declare upfront up front that no changes in interest rate full settlement of the loan.
- To print the exact amounts in the loan card issued.

FAIRPRACTICES

- Interest rate and other charges/fees will be comparable to the rates charges by other RBI registered NBFC-MFI. It will not be usurious.
- The company shall disclose all pricing related information in the application and loan card.
- The borrower will not be anything that is not shown in the loan card.
- There shall be no prepayment penalty interest for the overdues would only be collected at the same rate for the delay period, only on the overdue amount.
- The company shall predominantly drop lay the interest rates changed at all the Branches, applications and website.
- The company will not change the interest rate or other charges for existing loans up to 1 year. In other cases, any charge shall be informed well in advance and they are applicable only prospectively.
- The loan agreement shall be in the vernacular language and in a standardized form.
- The loan card shall be preprinted in vernacular language and shall contain,
 - (i) Details to identify the Borrower,
 - (ii) Details of loan amount, no. of instalments, due dates, principal and interest payable in each installment.
 - (iii) Terms and conditions of the loan
 - (iv) Acknowledgements for payment of installments.
 - (v) Details of Grievance redressal system including toll free no of the Nodal Officer of the company.

RECOVERY

- *Recovery shall be made at a designated Central place fitted naturally by the borrowers and the company. The field staff shall be allowed to visit the place of residence of work only if the borrower fails to approach at the fitted place for two or more several time installments.*
- *The company employees shall not adopt any harsh methods for recovery like,*
 - (i) *Use of abusive language*
 - (ii) *Persistently calling the customer,*
 - (iii) *Harassing relatives, friends, co-borrowers or references,*
 - (iv) *Publishing the name of the borrowers,*
 - (v) *Use or threatening to use violence to harm the borrower/his family/assets,*
 - (vi) *Exaggerating the consequences of non-payment of dues.*
- *The company shall have a dedicated grievance redressal mechanism for recovery related grievances, the same shall be displayed at the branch offices and the company website,*
- *The employees shall always wear the Identity cards with photo issued whenever they meet the borrowers.*

OTHER FAIR PRACTICES

- *Training to borrowers is always free of cost,*
- *Company is accountable for the behavior of its employees and shall provide timely grievance redressal.*

GOVERNANCE

- *To ensure that the Directors have to involve in all policy formation and other important decisions and to observe high standards of governance, ensure fairness, integrity and transparency by inducting persons with good and sound reputation, as member of Board of Directors.*
- *To maintain books of accounts with transparency. Financial statements have to be getting it Audited by Qualified Auditors.*
- *To follow Audit and Assurance Standards issued by the Institute of Chartered Accountants of India (ICAI).*

At the end of every half finance year, a compliance report which indicates the compliance with the code of conduct has to place before Board of Directors.



FAIR PRACTICE CODE (DETAIL)

LOAN PROPOSALS AND THEIR PROCESSING

- *All communications to the borrower will be in the vernacular language;*
- *Loan application forms will include (1) Minimum & maximum Loan Amount, (2) Eligible Conditions, (3) Maximum & minimum repayment period, (4) rate of interest, (5) Rules for Joint Liability;*
- *The Company gives acknowledgement for receipt of all loan applications. The time frame within which loan applications will be disposed of is also indicated in the acknowledgement.*

LOAN APPRAISAL AND TERMS/CONDITIONS

- *Sanction letter cum repayment schedule will be in vernacular language & will contain necessary details of sanction letter, such as amount of loan sanctioned, annualised rate of interest and method of application of interest. The repayment schedule will contain rate of penal interest charged if any.*
- *The company gives notice to every borrower in vernacular language if any change in terms and conditions including disbursement schedule, interest rate etc.*

DISBURSEMENTS OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

- *VMPL will ensure timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction.*
- *VMPL will inform borrower if there is any changes in terms and conditions before effecting the changes.*
- *VMPL will inform borrower if any changes in the interest rate and the same will be effected prospectively after giving due notice to the customer in vernacular language.*

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POST DISBURSEMENT SUPERVISION

VMPL would carry out post-disbursement supervision in accordance with our sanction terms and any other prevailing regulatory guidelines.

GENERAL

- VMPL will 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);
- In the matter of recovery of loans, VMPL will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. VMPL will ensure that the staffs are adequately trained to deal with the customers in an appropriate manner;
- As a measure of customer protection and also in order to bring in uniformity with regard to prepayment of various loans by borrowers of banks and NBFCs, VMPL shall not charge foreclosure charges/ pre-payment penalties on loans sanctioned individual borrowers, with or without co- applicant.
- VMPL shall display our Fair Practices Code in local languages in all our office premises. Also, the following informative displays shall be organized at branches.
 - (i) Loan products with salient features
 - (ii) Dos and don'ts for field staffs.
 - (iii) Grievance Redressal Mechanism detailing Branch Manager's name and contact number and nodal officer designation, Ombudsman's address and contact number and availability of complaints box.
- Entire operations are managed by own staff. No work has been out sourced. Policies and practices on outsourcing will be formulated when outsourcing is used.

NON-COERCIVE METHODS OF RECOVERY

Loan recovery should be done twice a month at the group meeting place only. Door to door recovery can be take place if the borrower fails to appear at the meeting place on two or more successive meetings.

VALIDITY AND AUTHORITY

This Fair Practices Code is approved by the Board of Directors, and issued under the authority of the Board. The Company and all the employees should follow the same strictly. If any deviation it should be reported to the board, periodically.

It should be revised by the board whenever there is change in the Law, Regulations and Notifications issued by Statutory Authorities, including Reserve Bank of India and Ministry of corporate Affairs.