

FAIR PRACTICE CODE

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non-Banking Finance Companies (NBFCs) thereby setting standards for fair business and corporate practices while dealing with their borrowers.

Vastu Finserve India Private Limited ('VFIPL') has adopted this Fair Practices Code ('the Code') and it shall apply to the all categories of products and services offered by VFIPL. This Code, preferably in the vernacular language or a language as understood by the borrower shall be put up on the web-site of the Company for the information of various stakeholders.

1. OBJECTIVE

Vastu Finserve India Private Limited have set their objective to pursue leading corporate practices and to bring about transparency in business practices and thereby foster borrower confidence. Accordingly, a Fair Practices Code has been set with an objective to:

- i. Promote good and fair practices by setting minimum standards in dealing with borrowers;
- ii. Increase transparency so that the borrower can have a better understanding of what he/she can reasonably expect of the services provided by our Company;
- iii. Encourage market forces, through competition, to achieve higher operating standards;
- iv. Promote fair and cordial relationship between the Borrower and the Company and thus foster confidence of the former in the latter.
- v. Helping borrower to choose products and services, which meet their needs and give them clear information explaining the key features of the services and products they are interested in.
- vi. Inform borrowers about the documents and information that the Company needs from them to establish borrower's true identity, address and other documents to comply with the legal and regulatory requirements.

2. APPLICATION FOR LOAN AND THEIR PROCESSING

- i. All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- ii. The Loan application forms of the Company will include necessary information, which affects the interest of the borrower, so that a meaningful comparison of the terms and conditions offered by other NBFCs can be made and an informed decision can be taken by the borrower. The loan application form will indicate the documents required to be submitted with the application form.
- iii. The Company has devised a system of giving acknowledgement for receipt of all loan applications, amongst other details it provides estimated time frame within which loan applications will be disposed.

3. LOAN APPRAISAL AND TERMS/CONDITIONS

- i. The Company shall conduct a due diligence on credit worthiness of the borrower, which will be an important parameter for taking decision on the application. The assessment shall be in line with the Company's Credit policy, norms and procedures in respect thereof.
- ii. The Company shall convey in writing to the borrower by means of a sanction letter or otherwise, the amount of loan approved along with the terms and conditions, including the annualized rate of interest and method of application thereof. It would keep the acceptance of these terms and conditions by the borrower for its record.
- iii. The penal interest to be charged by the Company for late repayment of loan shall be mentioned in bold in the loan agreement.
- iv. The Company shall furnish a copy of the loan agreement along with a copy of other relevant transaction documents to the borrower at the time of/post disbursement of loan.

VASTU FINSERVE INDIA PRIVATE LIMITED

Office: Unit No. 203 & 204, 2nd Floor, A Wing, Navbharat Estate, Zakaria Bunder Road, Sewri West, Mumbai - 400015, India

● Toll Free No.: 18002677770 Email: customercare@vastufinserve.com ● Web: www.vastufinserve.com

● CIN: U65990MH2018PTC314935

4. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

- i. The Company will give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company will also ensure that changes in interest rates and charges are affected only prospectively. A suitable condition in this regard will be incorporated in the loan agreement.
- ii. Decision to recall / accelerate payment or performance will be in accordance with the loan agreement.
- iii. The Company will release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company 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.

5. GENERAL

- i. The Company will refrain from interfering in the day to day 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 borrowal account, the consent or otherwise i.e. objection of the Company, if any, will be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- iii. In the matter of recovery of loans, the Company will not resort to undue harassment viz. persistently follow up with the borrowers at odd hours, use of muscle power for recovery of loans, etc. The Company shall ensure that the staff is adequately trained to deal with the borrowers in an appropriate manner.
- iv. The Company shall not charge foreclosure charges/ pre-payment penalties on floating rate term loans sanctioned to individual borrowers.

6. GRIEVANCE REDRESSAL

- i. The company shall set up a grievance redressal mechanism within the Company to resolve disputes. Such mechanism will ensure that all the disputes arising are heard and disposed of at least at the next higher level.
- ii. There will be a periodical review of the compliance of the Fair Practices Code and the grievance redressal mechanism implementation at various levels of management. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it.
- iii. Following information shall be displayed prominently, for the benefit of the borrowers, at all branches/ places of the Company, where business is transacted:
 - a. the name and contact details (Telephone / E-mail address) of the Grievance Redressal Officer who can be approached for resolution of complaints raised by the Borrower.
 - b. if the complaint / dispute is not redressed within a period of one month, the Borrower may appeal to the Officer-in-Charge of the Regional Office of DNBS of RBI under whose jurisdiction the registered office of the Company falls.

7. REGULATION OF EXCESSIVE INTEREST CHARGED

- i. The Board shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of

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borrowers shall be disclosed to the borrower or borrower in the application form and communicated explicitly in the sanction letter.

- ii. The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the company or published in the relevant newspapers. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- iii. The rate of interest must be annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

8. REPOSSESSION OF VEHICLES FINANCED

- i. The Company shall have a built-in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement would also contain provisions regarding:
 - a. Notice period before taking possession
 - b. Circumstances under which the notice period can be waived
 - c. The procedure for taking possession of the security
 - d. A provision regarding final chance to be given to the borrower for the repayment of loan before the sale / auction of the property
 - e. The procedure for giving repossession to the borrower and
 - f. The procedure for sale / auction of the property
- ii. A copy of such terms and conditions must be made available to the borrowers in terms of circular wherein it would be stated that the Company may invariably furnish a copy of the loan agreement along with a copy of each enclosure quoted in the loan agreement to all the borrowers at the time of sanction/disbursement of loan, which may form a key component of such contracts/loan agreements.

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