

Policy on Fair Practices Code

Version 1.6

Approved in the Board meeting held on 7th August 2018 *(Last Amended in the Risk Management Committee of the Board held on 29th September 2022)*

Preamble

The Reserve Bank of India, by its notification no. RBI/2006-07/138 DNBS.(PD)/CC No. 80/03.10.042/2005- 06 dated 28 September 2006 read with notification no. RBI/2011-12/470 DNBS.PD/CC.No. 266/03.10.01/2011-12 dated 26 March 2012 and Master Circular DNBS (PD) CC No.388/03.10.042/2014-15 dated 1 July, 2014 has prescribed the broad guidelines on fair practices that are to be framed and approved by the Board of Directors of all Non-Banking Financial Companies (NBFCs) and should be published and disseminated on the web-site of the Company, for the information of the public. TVS Credit Services Limited (hereinafter referred to as “TVSCS ” or “the Company”) is a public limited company incorporated under the provisions of the Companies Act, 1956 and is a Systemically Important Non-Deposit Accepting or Holding Non-Banking Financial Company, registered with the Reserve Bank of India.

(I) Applications for loans and their processing:

- (a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- (b) Loan application forms would 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 would indicate the documents required to be submitted with the application form.
- (c) The Company would give acknowledgement for receipt of all loan applications. The time frame within which loan application shall be disposed of shall also be indicated in the acknowledgement. The company would verify the loan applications within a reasonable period of time. If additional details / documents are required, it would intimate the customers immediately.

(II) Loan appraisal and terms/conditions:

- (a) The Company would ensure that there is proper assessment of credit application made by borrowers. The assessment would be in line with the Company's credit policies and procedures.
- (b) The Company shall convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter, 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 Company shall also communicate to the borrower if the loan is rejected. The Company should mention the penal interest charged for late repayment in bold in the loan agreement.
- (c) The Company shall furnish a copy of the loan agreement preferably in the vernacular language or a language as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to the borrowers at the time of sanction / disbursement of loans.

(III) Disbursement of loans including changes in terms and conditions:

- (a) The Company would ensure timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction. The Company shall give notice to the

borrower in the vernacular language as understood by the borrower of any change in the terms, including disbursement schedule, interest rates, service charges, prepayment charges etc.

- (b) The Company shall ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.
- (c) Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- (d) 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 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.

(IV) General:

- (a) 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).
- (b) 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 within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- (c) 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's staff are adequately trained (including not to behave rudely with customers) to deal with customers in an appropriate manner. The contract/loan agreement with the borrower shall contain the repossession clauses in line with RBI circular no. RBI/2008-09/454 DNBS (PD) CC No. 139/03.10.001/2008-09 dated 24th April 2009.

(V) Grievances:

The Board of Directors have laid down the appropriate grievance redressal mechanism to ensure that the disputes arising out of the decisions of the Company's functionaries would be disposed of at the next higher level.

With reference to RBI guidelines on outsourcing arrangements issued vide circular dated 9th November 2017, this grievance redressal mechanism includes the complaints received in respect of outsourcing arrangements also.

There will be a 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 be submitted to the board at regular intervals.

Grievance Redressal Officer

Mr. Charandeep Singh Chawla, is appointed as the Grievance Redressal Officer (GRO) under the Fair Practices Code and digital lending guidelines issued on 02.09.2022 who can be approached by the public for resolution of complaints against the Company. Contact details provided below;

Mobile: 91 7305963580

Email address: gro@tvscredit.com

If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of Department of Non-Banking Supervision (DNBS), Reserve Bank of India, Fort Glacis, Rajaji Salai, Chennai 600 001, Tamil Nadu, Tel: 044 25393406, under whose jurisdiction the registered office of the Company falls.

For the benefit of our customers, the above information on “grievances” will be displayed at our branches / places where business is transacted.

(VI) Posting on Website

Fair Practices Code, preferably in the vernacular language or a language as understood by the borrower should be put up on the web-site of the Company for the information of various stakeholders.

(VII) Regulation of Excessive Interest rate charged:

The Company shall follow the appropriate internal principles and procedures in determining interest rates and processing and other charges in line with the approved policies from time to time.

The Company shall follow the interest rate model adopted and approved by the Board and made available on the website. 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 in the application form and communicated explicitly in the sanction letter.

The rate of interest shall be annualised rates so that the borrower is aware of the exact rates that would be charged to the account.

(VIII) Repossession of Vehicles financed by the company:

The Company has included a built in re-possession clause in the loan agreement with the borrower which is legally enforceable. To ensure transparency, the terms and conditions of the loan agreement also contains 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 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. A copy of such terms and conditions is made available to the borrowers.

(IX) Loans Sourced over Digital Lending Platforms

Wherever the product/business team engages digital lending platforms as their agents to source borrowers and/ or to recover dues, they must follow the following instructions:

- a) Names of digital lending platforms engaged as agents shall be disclosed on the website of the TVSCS.
- b) Digital lending platforms engaged as agents shall be directed to disclose upfront to the customer, the name of TVSCS on whose behalf they are interacting with him.
- c) Immediately after sanction but before execution of the loan agreement, the sanction letter shall be issued to the borrower on the letter head of the TVSCS.
- d) A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement shall be furnished to all borrowers at the time of sanction/ disbursement of loans.
- e) Effective oversight and monitoring shall be ensured by the product/business teams over the digital lending platforms engaged by them.
- f) Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.
- g) Cooling off/look up period: The customer shall be given an **explicit option** to exit digital loan by paying the principal and the proportionate Annual Percentage Rate (APR) without any penalty during this period. In this regard, a cooling off/look up period of **15 days** from the date of disbursement shall be provided to the customer.

The above points shall be duly ensured by the product/business teams.
