



VARTHANA FINANCE PRIVATE LIMITED

Fair Practice Code
Version BR25
Varthana Finance Private Limited

Registered Office:

Varasiddhi, 3rd Floor, 5 BC-110 Service Road, 3rd Block, HRBR Layout, Bangalore - 560 043

☎ 080-68455777 | ✉ care@varthana.com | 🌐 www.varthana.com

CIN: U65923KA1984PTC096528





VARTHANA FINANCE PRIVATE LIMITED

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1. Introduction

Varthana Finance Private Limited (Formerly Thirumeni Finance Private Limited) (Hereinafter referred to as Company or Varthana) is a Non-Deposit Taking NBFC registered with the Reserve Bank of India. It uses the brand name Varthana to communicate with its customers. This document provides details of the practices which Varthana follows to ensure fair and transparent dealings with its customers and is compliant with the Scales Based Regulations applicable for Middle Layer NBFCs. Further the RBI has extended the coverage of Ombudsman Scheme for Non-Banking Financial Companies (NBFCs) vide RBI Integrated Ombudsman Scheme, Nov 2021 (the Scheme) to eligible Non- Deposit Taking Non-Banking Financial Companies (NBFC-NDs). This code will enable employees to provide better customer service and maintain transparency in business dealings with its customers.

This Fair Practice Code supersedes all previous versions.

2. Application of the Code

This code shall apply to all employees of the company and other persons authorized to represent it in the course of its business with respect to all products and services.

3. Commitment

The Company shall adhere to this code to act fairly and reasonably in all dealings, on the ethical principle of integrity and transparency, to meet the standard practices prevalent in the finance industry.

- a. The Company will provide clear and transparent information to customers in the language of their preference so as to enable them to understand:
 - i. Terms and conditions of the products and services offered including the interest rate and service charges.
 - ii. Benefits available to customers
- b. Products and services of the company will meet relevant laws and regulations in both letter and in spirit.
- c. The Company will act quickly in correcting mistakes and attending to complaints lodged by its customers.
- d. The Company shall not discriminate amongst its prospective/existing customers on the basis of age, race, caste, gender, marital status, religion or disability.
- e. A copy of the code will be posted on the Company's website and in a visible location at each branch office.
- f. A copy of the code may be provided on request to any prospective or existing customer.

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4. Application for loans and their processing

- a. All communication to the borrower shall be explained to the borrower in the language understood by the borrower.
- b. Loan application forms shall include necessary information that affects the interest of the borrower and an informed decision can be taken.
The loan application form shall indicate the documents required to be submitted along with the application form.
- c. Acknowledgement for receipt of all loan applications will be given to the borrower. Acknowledgement shall also indicate the time frame for disposal of application, either approved or rejected.
- d. Normally, all particulars required for processing the Loan Application will be collected by the Company at the time of application. In case it needs any additional information, the customer will be informed to provide the same.
- e. The Company may verify the details mentioned by the customer in the loan application by contacting him/her at his/her residence and/or on business telephone numbers and/or physically visiting his/her residence and/or business addresses through agencies appointed for this purpose, if deemed necessary.

5. Loan appraisal and terms/conditions

- a. Every loan approval shall be communicated to the borrower by way of a Sanction Letter which shall include the key terms and conditions of the loan including the loan amount approved, processing fees, annualized rate of interest, method of application there of tenor of the loan, penal charges, and shall mention the penalties charged for late payment in bold letters in the loan agreement.
- b. Contents shall be explained to the borrower in a language understood by the borrower for acceptance of terms and conditions and for execution of loan agreement
- c. A copy of the executed loan agreement shall be given to the borrower for records and the contents explained in a language understood by the borrower.

6. Disbursement of loans including changes in terms and conditions

- a. Should there be any changes in the terms and conditions, a notice shall be given in a language understood by the borrower indicating the change of terms, including disbursement schedule, interest rate, service charges, pre-payment charges etc. Changes in the interest rates and charges shall be effected only prospectively.
- b. Any decision to recall/accelerate payment or performance shall be in consonance with the sanction letter/loan agreement.
- c. All securities shall be released on repayment of all dues or on realization of the outstanding amount as long as the Company's legitimate right or lien for any other claim is not violated. If such set-off is to be exercised, the Company shall give notice about the same with full particulars to the borrower.

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7. Release of movable / immovable property documents

- a. All securities shall be released on repayment of all dues or on realization of the outstanding amount as long as the Company's legitimate right or lien for any other claim is not violated. If such set-off is to be exercised, the Company shall give notice about the same with full particulars to the borrower.
- b. shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/settlement of the loan account.
- c. The borrower shall be given the option of collecting the original movable/ immovable property documents either from the banking outlet/branch where the loan account was serviced or any other office of Varthana, where the documents are available, as per her/his preference
- d. The timeline and place of return of original movable / immovable property documents shall be mentioned in the loan sanction letters issued.
- e. In order to address the contingent event of demise of the sole borrower or joint borrowers, shall have a well laid out procedure for return of original movable/immovable property documents to the legal heirs. Such procedure shall be displayed on the website along with other similar policies and procedures for customer information.

8. Compensation for delay in release of movable / immovable property documents

- a. In case of delay in releasing of original movable / immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment / settlement of loan shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the NBFC, it shall compensate the borrower at the rate of ₹5,000 for each day of delay.
- b. In case of loss/damage to original movable/immovable property documents, either in part or in full, Varthana shall assist the borrower in obtaining duplicate/certified copies of the movable/immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated above. However, in such cases, an additional time of 30 days will be available to Varthana to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).
- c. The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

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9. Penal Charges

- a. Penalty for non-compliance of material terms and conditions is treated as penal charges and shall not be levied as 'penal interest'. There shall be no capitalisation of penal charges and no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
- b. Shall not include any additional component of rate of interest.
- c. The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan/product category.
- d. The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges to non-individual borrowers for similar non-compliance of material terms and conditions.
- e. The quantum and reason for penal charges shall be clearly disclosed to the customers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) as, in addition to being displayed on websites under Interest rates and Service Charges. The rate of interest and the approach for gradation of risks shall also be made available on the website.
- f. Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

10. General

- a. Varthana will not interfere in the affairs of the borrower except for the purposes provided in the terms and conditions of the Sanction Letter/Loan Agreement, unless new information, not earlier disclosed by the borrower, comes to the notice of the Company.
- b. For any request for Balance Transfer received from the borrower, the consent or otherwise shall be communicated within 21 days of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with the law.
- c. Varthana shall not resort to undue harassment or use of muscle power for recovery of dues. Proper training shall be given to the field staff to ensure that borrowers are dealt in an appropriate manner in line with the regulatory guidelines and Varthana code of conduct.
- d. The Board of the Company shall review the redressal of grievances at regular intervals. The management shall place before the board the status of all complaints at regular intervals.
- e. The details of the Grievance Redressal cum Nodal Officer (including name, address, contact number, email ID, etc) shall be prominently displayed at the branches and also posted on the website.
- f. In case the complaint is not redressed within a period of one month, the borrower may appeal to the Officer in Charge of the Regional Office of the Department of Non-Banking Supervision, Bengaluru under whose jurisdiction the registered office of the Company falls.

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11. Confidentiality

The Company shall collect personal information that it believes to be relevant and required to understand the customer's profiles and conduct its business. The Company shall treat all personal information of customers as private and confidential and shall not divulge any information to a third person unless required by any law or Government authorities including Regulators or Credit agencies or where the sharing of information is permitted by the customer. If company shall avail services of any third party for providing support services, Company shall require that such third parties handle customers' personal information with the same degree of confidentiality.

12. Advertising, Marketing and Sales

- a. The Company shall ensure that all advertising and promotional material is clear, and not misleading.
- b. The Company may, from time to time, communicate to customers various features of their products availed by them. Information about their other products or promotional offers in respect of products / services may be conveyed to customers only if he / she has given his / her consent to receive such information / service.

13. Guarantors

When a person is considered to be a guarantor to a loan, company shall inform him/her the following under acknowledgement:

- a. Letter/ Deed of Guarantee stating the terms of liability as guarantor.
- b. Company shall keep him/her informed of any default in the servicing of the loan by the borrower to whom he/she stands as a guarantor.

14. Credit Bureau / Reference Agencies

The Company may give information to Credit Bureau/ Reference agencies about the personal debts, the customer (including a Guarantor) owes to it if:

- a. The customer has fallen behind with his / her payments.
- b. Legal proceedings have been initiated against the customer to recover the dues.
- c. Debts settled through legal recourse against the customer.
- d. It is mandated by law/arrangement with Credit Bureau to provide the information of all customers to such agencies. A clause to this effect has been included in the Loan Agreement seeking the customer's consent to share information on his loan with Credit Bureaus.

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15. Customer Grievance Redressal

The company has a separate policy to address customer grievances and is also available on the website.

Version Control

Version	Particulars of Creation / Revisions	Audit Committee Approval Date	Board Adoption date
Version 1.0/2019-20	Fair Practice Code – Reviewed	August 14, 2019	August 14, 2019
Version 1.1/2020-21	Fair Practice Code – Reviewed with certain additions	May 26, 2020	May 27, 2020
Version 1.2/2021-22	Fair Practice Code – Updation with respect to “RBI Integrated Ombudsman Scheme, Nov 2021”	February 15, 2022	February 16, 2022
Version 1.2/2022-2023	Annual Review-No changes	May 17, 2022	May 18, 2022
Version BR23	Annual review - updation of details of Grievance cum Nodal officer and formatting changes	May 16, 2023	May 17, 2023
Version BR24	Annual review – updation as per Master Directions-RBI 2023 dated 19.10.23 Chapter VII -Fair Practices Code. Any charges levied are to be treated as penal charges and no interest to be charged on the same. Penalty for delay in return of documents to borrower beyond 30 days introduced.	May 14, 2024	May 15, 2024
Version BR25	Annual Review – No change	May 13, 2025	May 14, 2025

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