

## 1. Introduction

The Fair Practices Code is aimed to provide to the customers effective overview of practices, which will be followed by all the employees and representatives working for the Company in respect of the financial facilities and services offered by the Company to its customers. The Code will facilitate the customers to take informed decisions in respect of the financial facilities and services to be availed by them and will apply to any loan that the Company may sanction and disburse.

The Fair Practices Code has been made as per RBI/DNBR/2016-17/44 Master Direction DNBR.PD.007/03.10.119/2016-17 dated September 1, 2016 and updated as on August 02, 2019 as applicable to Non-Banking Finance Company – Non-Systemically Important Non-Deposit taking Company issued by The Reserve Bank of India (RBI). Any future changes prescribed by Reserve Bank of India from time to time, shall be incorporated in this code.

This FPC also includes coverage of other related policies like

- Code of conduct (benchmarked to industry code of conduct)
- Feedback, Complaint and Grievance Redressal Mechanism
- Whistle Blower Policy

## 2. Objective of the Code

The purpose of this code is to

- promote good, fair and trustworthy practices by setting minimum standards in dealing with the customers;
- increase transparency to enable the customers to have a better understanding of what they can reasonably expect of the services;
- promote a fair and cordial relationship between the customers and the Company
- benchmark the company's norms and policies to the industry norms

## 3. Non-Discrimination Policy

We will not discriminate between our customers on the basis of gender, race or religion.

## 4. Our Key Commitments and Declarations

**4.1** We shall act efficiently, fairly and diligently in our dealings with all our customers by:

- 4.1.1 Meeting the commitments and standards in this Fair Practices Code for the financial products and services, we offer, and the procedures and practices our staff follow;
- 4.1.2 Ensuring that all the financial services meet relevant laws and regulations;
- 4.1.3 Providing professional, courteous and speedy services;
- 4.1.4 Providing accurate and timely disclosure of terms and conditions, costs, rights and liabilities as regards financial transactions

**4.2** We shall help the customer understand how our financial products and services work by:

- 4.2.1 Giving verbal information about the financial schemes in Hindi and/or English and/or local vernacular language as understood by the borrower;
- 4.2.2 Ensuring that our advertising & promotional literature is clear and is not misleading;
- 4.2.3 Explaining financial implications of the transactions;
- 4.2.4 Helping the customer to choose the financial scheme

**4.3** We shall deal quickly and proactively with things that go wrong by:

- 4.3.1 Correcting mistakes quickly;
- 4.3.2 Attending to customer complaints quickly;
- 4.3.3 Telling our customers how to take their complaint forward if the customers are still not satisfied with our assistance;
- 4.3.4 Reversing any charges that we apply due to our mistake

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**5. Applications for loans and their processing**

- 5.1 All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- 5.2 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.
- 5.3 Company would devise a system of giving acknowledgement for receipt of all loan applications and also provide an indicative timeline within which the application would be reasonably addressed subject to receipt of all the requisite documentation and information. The Customer will be kept informed by the sales person with regards to the status of his application from time-to-time. The Customer may also contact Company's customer service team.

**6. Loan appraisal and terms/conditions**

- 6.1 The Company shall conduct a due diligence on the credit worthiness of the borrower, which will be an important parameter for taking decision on the application. The assessment would be in line with the Company's credit policies, norms and procedures in respect thereof.
- 6.2 Company would convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, 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 our record.
- 6.3 Company would furnish a copy of the loan documents containing terms and conditions, rate of interest of the loan preferably in the vernacular language as understood by the borrower, along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans. Further, the Company would mention the penal interest charged for late repayment in bold in the loan agreement. It shall also contain the provisions referred to in clauses (6.4) and (6.5) of Para 6 of this Code.
- 6.4 The Company would have a built-in repossession clause wherever applicable in the contract/Loan Documents so as to have legal enforceability.
- 6.5 Wherever applicable, the terms and conditions contained in the Loan Documents of the Company would also contain the following provisions:
  - 6.5.1 Notice period before taking possession
  - 6.5.2 Circumstances under which the notice period can be waived
  - 6.5.3 Procedure for taking possession of the security
  - 6.5.4 Provision regarding final chance to be given to the borrower for repayment of loan before the sale/auction of the property
  - 6.5.5 Procedure for giving repossession to the borrower and
  - 6.5.6 Procedure for sale/ auction of the property

**7. Disbursement of loans including changes in terms and conditions:**

- 7.1 The Company would give a notice to the borrower in the vernacular language as understood by the borrower, of any change in the terms and conditions including disbursement schedule, interest rates, service charges, pre-payment charges etc. The Company would also ensure that changes in interest rates and charges are affected only prospectively. A condition to this effect would be incorporated in the Loan Documents.
- 7.2 Any decision to recall/accelerate payment or performance under the Loan Documents would be in consonance with the Loan Documents.
- 7.3 All securities offered by the borrower would be released 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 the borrower. If such right of set off is to be exercised, the borrower would 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.

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**8. General**

- 8.1 The Company would not interfere in the affairs of the borrower except for the purposes provided in the Loan Documents, unless new information not earlier disclosed by the borrower has come to the notice of the Company.
- 8.2 In case of receipt of a request from the borrower for transfer of the borrowal account, the consent or otherwise i.e. objection of the Company, if any, would be conveyed within 21 days from the date of receipt of such request. Such transfer would be as per transparent contractual terms in consonance with law.
- 8.3 In the matter of recovery of loans, the Company would not resort to undue harassment like persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. The Company would ensure that its staff is adequately trained to deal with the customers in an appropriate manner.
- 8.4 The Company or its representative will call delinquent customers between 0700 hrs to 2100 hrs unless special circumstances of the borrower's business require to call them otherwise outside the hours mentioned.
- 8.5 The Company may arrange for enforcing security charged to it of the delinquent borrower, if required, with an aim only to recover dues and will not be aimed at whimsical deprivation of the property.
- 8.6 The Company would ensure that the entire process of enforcing its security, valuation and realisation thereof be fair and transparent.
- 8.7 The Company would not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).

**9. Rate of interest**

- 9.1 The Company would 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 borrowers would be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- 9.2 The rates of interest and the approach for gradation of risks shall also be made available on the website of the companies and updated from time to time.
- 9.3 The rate of interest must be annualised rate so that the borrower is aware of the exact rates that would be charged to the account
- 9.4 The company would lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

**10. Feedback and Compliant Redressal Mechanism**

Navadhan endeavours to be a client centric organization keeping clients at the center of its policy making and all the policies and procedures are designed to provide efficient and faster services to clients. While we have taken all the steps to ensure that client service is given utmost important, in case there is any feedback or grievance, this grievance redressal mechanism provides for timely redressal of the grievances/hearing of the feedback. Besides, all the grievances and feedback received are reviewed at the highest level of the organization and policies are reviewed and decisions taken to strengthen the delivery mechanism and provide better services.

Company has a Board approved Grievance Redressal Mechanism given below, which provides guidelines for receiving, handling and disposal of customer grievances, documentation, turn-around time and escalation matrix for unresolved complaints and periodical review mechanism.

The Grievance Redressal Mechanism Policy has been made as per RBI/DNBR/2016-17/44 Master Direction DNBR.PD.007/03.10.119/2016-17 dated September 1, 2016 and updated as on February 22, 2019 as applicable to Non-Banking Finance Company – Non-Systematically Important Non-Deposit taking Company issued by The Reserve Bank of India (RBI).

**10.1 Objective**

The objective of this policy is immediately addressing the client grievances by providing efficient services in a fair and transparent manner and to ensure prompt redressal of client grievances and provide a mechanism for review of the implementation of the grievance redressal mechanism at the highest level.

- 10.1.1 To provide clients formal and informal channels for feedback and suggestions
- 10.1.2 To provide a formal grievance redressal mechanism for clients
- 10.1.3 To educate customers on grievance redressal mechanism
- 10.1.4 To ensure that clients are protected against fraud, deception or unethical practices
- 10.1.5 To handle/resolve complaints speedily and efficiently
- 10.1.6 To consistently assess the impact of services in order to provide better services to the clients in timely and efficient manner.

Navadhan follows a multi-tier Customer Feedback & Grievance Redressal Mechanism.

**10.2 Mechanism to register grievance**

Clients can submit their written or verbal enquiries / grievances in the following manner:

- 10.2.1 To any staff who meets them at any forum such as client meetings, client trainings etc. Any customer grievance collected on the field shall be recorded in the complaint register at the branch with the knowledge of Branch Manager, who shall be responsible for resolving such complaints in timely, fair and transparent manner or call the Toll-Free number
- 10.2.2 Walk into any of the nearest branch and register their grievance in the complaint register maintained at the branch. Customer can also submit a written complaint in her own language and submit to the Branch Manager who shall give an acknowledgement of the same and enter it in the complaints register same day
- 10.2.3 Write a mail to [care@navadhan.com](mailto:care@navadhan.com)
- 10.2.4 Call on a number which is responsible for attending to such complaints and registering them formally and initiating appropriate actions for resolving them. Such contact number for recording the grievances of the customers would be intimated in the Application Form/Sanction Letter/other document issued to the borrower. The contact number can be of Branch Manager, Cluster Manager, Divisional Manager, any dedicated person for this purpose or a Toll-free number which is handled at HO level. All such complaints are also entered in Complaint register maintained at concerned Branch or HO
- 10.2.5 Register complaint through Navadhan App for the customers who are using the App

The Internal Auditor shall verify the complaint register and if there are any unresolved complaints, they shall be escalated to the reporting office of the level at which the complaint is lying unresolved. At HO, the office of Grievance Redressal officer shall verify at-least 25% of calls on sample basis on a daily basis to check whether issue raised are same as recorded or is there any communication gap.

**10.3 Timeline for addressing and closing the grievance**

After examining the matter, the concerned responsible person would endeavour to give customer its resolution or a response seeking additional time with proper reason for the same (in case there are external dependencies which are not in control of Navadhan thereby causing delay in resolution like Insurance matters). The communication to the customer shall be by any means that is appropriate and chosen by the customer at the time of registering the complaint. The communication should also intimate the customer how to escalate the complaint to higher level, if he is not satisfied with the response.

The endeavour would be to address the issue in totality and it shall be closed only when the grievance is redressed along with customer's feedback.

The turn-around time for responding to a complaint is as follows:

- 10.3.1 General Complaints: 7 working days
- 10.3.2 Fraud cases, Legal cases and cases which need retrieval of documents: 15 working days
- 10.3.3 Interest/ Charges/ Installment related cases: 20 working days
- 10.3.4 Cases involving external entities: 30 working days
- 10.3.5 For all the complaints received from The RBI/ other Regulatory/ Statutory/ Government authorities, timelines as mandated by respective complainant will be adhered to

- 10.3.6 If any case needs additional time, the Company will seek the same from the Customer/ Regulator/ Competent Authority, stating expected time lines for resolution of the issue.

**10.4 Escalation Mechanism**

At all the branches / Head Office of the Company, notice would be put up informing the customers about the escalation mechanism and the Grievance Redressal Officer (including the name and contact details). If the grievance is not redressed within the TAT referred above, the customer may appeal to:

The Officer In Charge Department of Non-Banking Supervision Reserve Bank of India  
3rd Floor, Opposite Mumbai Central Railway Station,  
Byculla, Mumbai – 400 008  
Email id: dnbsmro@rbi.org.in

**11. Whistle Blower Policy**

Navadhan recognizes that employees are a significant source of whistle blowers as they would be in a position to identify the deviations against the FPC or any other policy of the organization. Any employee can lodge a complaint against his superiors/ subordinates/ colleagues who are allegedly involved in prohibited activities and breaches code of conduct such as fraud, misappropriation of funds, unethical behavior, mistreatment of customers etc by sending a mail to [contact@navadhan.com](mailto:contact@navadhan.com). There is a centralized complaints unit (CU) set up at HO who will intern enquire/do an audit if required, interact or communicate with all the employees concerned and maintain tracker of the complaints received. The CU will present all the complaints with their observations/feedback and audit reports to the Disciplinary Committee (DC) for their review and decisions. The DC meets from time to time depending upon the no. of cases reported. The DC consists of the Managing Director, Head of HR, Head of Risk and Head of Internal Audit and representative of the Complaints Department.

A whistle blower can also be a client who gives complaint against an employee or/and client of Navadhan for any of the prohibited activities such as fraud, misappropriation of funds, unethical behavior, mistreatment of customers etc. In this regard, staff or clients of Navadhan can call the Toll-Free Number and lodge their complaint. The complaint will be investigated and appropriate action will be taken by the DC. (Caller name will be kept anonymous if requested)

However, the caller should have enough evidence on correctness of the customer grievance and should avoid raising unrealistic complaints. A whistle blower reporting unrealistic complaints shall not be punished if the complaint was raised with good intention and if there are enough grounds to suspect a colleague. A staff reporting unrealistic complaints with a bad intention/motivation is liable to receive a disciplinary action i.e. oral warning on first instance and a written warning in case of repetition.

**12. External Complaints**

Complaints received from (on behalf of customer or on the basis of public interest) general public & other stake holders such as Govt agencies, RBI, police, lawyers & social activists will also be recorded at HO level and provided with appropriate solutions. Hence, any staff who receives complaints from such agencies should escalate them to Branch Manager, Cluster Manager, Divisional Manager or any dedicated person so appointed as it may be appropriate.

**13. Review and Monitoring**

- 13.1 Status of resolutions shall be monitored on a daily basis by the office of Grievance Redressal Officer.
- 13.2 On a monthly basis, compliance to fair practices code including all the grievances received, resolutions provided, the turn-around time shall be reviewed by the Compliance Officer who in turn presents to the Board of Directors.
- 13.3 The Board reviews the functioning of the fair practice code including the effectiveness of the grievance redressal mechanism on a quarterly basis.

**14. Dissemination of Fair Practice Code (FPC) and Grievance Redressal Mechanism (GRM)**

- 14.1 Our HR policy has criteria for recruitment of all staff, their training and the reporting structure. The criteria cover minimum qualification, skill sets and their social and behavioural aspects. Each employee is trained on FPC, GRM, Code of Conduct, Whistle Blower Mechanism and the appropriate way of dealing with the clients.

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- 14.2** Employee Training: Every employee is trained on the FPC including grievance redressal mechanism. Besides, they are also trained on soft skills so as to behave properly and respectfully with borrowers without adopting any abusive or coercive debt collection / recovery practices. Each employee is trained in a way that the client is given due respect and is treated with dignity and self-esteem.
  - 14.3** Utmost importance shall be given to the adherence of the FPC, GRM, Code of Conduct and Whistle Blower Mechanism while awarding the promotions to staff.
  - 14.4** Disciplinary action shall be taken on staff who do not adhere to the FPC, GRM, Code of Conduct and Whistle Blower Mechanism.
  - 14.5** All branches & head office of Navadhan shall prominently display Fair Practices Code & Grievance Redressal Mechanism, Code of Conduct and Whistle Blower Mechanism in vernacular language for client's information.
  - 14.6** A copy of this FPC & Grievance Redressal Mechanism shall also be uploaded in the website for the information of various stake holders.
  - 14.7** Client Education: Clients shall be educated on the Fair Practices Code, grievance redressal mechanism and escalation matrix for their unresolved complaints, options, choices and responsibilities vis-à-vis financial services. Client education shall be made through group training through interaction in the Branch and Meetings.
  - 14.8** New clients must be informed about the organization's policies and procedures to help them understand their rights as borrowers.

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