

**FAIR PRACTICES CODE  
OF  
NAVI FINSERV LIMITED**

<b>Version No</b>	FPC/6/2026-27
<b>Date of original adoption of the Policy</b>	March 14, 2016
<b>Date of amendment of Policy</b>	<ol style="list-style-type: none"> <li>1. September 16, 2024</li> <li>2. December 30, 2024</li> <li>3. February 28, 2025</li> <li>4. August 11, 2025</li> <li>5. May 27, 2026</li> </ol>
<b>Policy owner</b>	Chief Executive Officer
<b>Approved by</b>	Board of Directors
<b>Periodicity of Review</b>	Annual

<b>Date of Review/ Amendment</b>	<b>Particulars</b>	<b>Next date of review</b>
December 30, 2024	Review of the Code in line with the Fair Practices Code in Chapter VIII of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and the observations received by the Company during its Inspection for Supervisory Evaluation for FY2023-24.	No later than December 29, 2025
February 28, 2025	Amendments to the Code on account of the introduction of the Corporate Loan product.	No later than December 29, 2025
August 11, 2025	Amendments to include provision of intimation of reason for rejection of loan to customers.	No later than December 29, 2025
May 27, 2026	Periodic review of the Code, and amendments to incorporate changes	No later than May 26, 2027

	<p>pursuant to the Reserve Bank of India (Non-Banking Financial Companies - Responsible Business Conduct) Directions, 2025, and to address the observations received by the Company during its Inspection for Supervisory Evaluation for FY 2024-25.</p>	
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## 1. BACKGROUND

- 1.1. Navi Finserv Limited (the “**Company**”) is a Non-Banking Financial Company - Investment and Credit Company (“**NBFC-ICC**”), placed at present in the Middle Layer of the Reserve Bank of India’s (“**RBI**”) regulatory structure. The Company currently offers various lending products, including housing loans, loans against property and personal loans (collectively “**Loans**”) to individuals (“**customer(s)**” / “**borrower(s)**”).
- 1.2. The Company has framed and adopted this Fair Practices Code (“**Code**” or “**FPC**”) as required under the RBI (Non-Banking Financial Company - Responsible Business Conduct) Directions, 2025 (“**Responsible Business Conduct Directions**”). The Code applies to all Loans offered by the Company. The Code is framed to reflect the Company’s commitment to responsible business conduct and transparency in its business with borrowers.

## 2. OBJECTIVE

- 2.1. The Code is framed with the objective of ensuring the Company’s key commitments to the customers:
  - (a) To encourage ethical, responsible, and fair procedures in dealing with borrowers by establishing basic criteria;
  - (b) To promote a fair and respectful relationship between the borrower and the Company;
  - (c) To meet the requirements and standards under applicable laws and regulations, and the Code for the Loans offered by the Company; and
  - (d) To strengthen mechanisms for redressal of customer grievances.

## 3. COMMITMENTS

- 3.1. The Company shall comply with the Code by acting fairly and reasonably in all transactions, based on the ethical principles of honesty and transparency, in order to meet the standards prevalent in the financial services sector.
- 3.2. The Company shall provide borrowers with clear information, without ambiguity, in order for them to understand the Loan products offered by the Company, as well as its terms and conditions, including service charges, interest rate and method of application.
- 3.3. The Company shall treat all personal information of customers as private and confidential and shall not disclose any information to third parties, unless (a) required by any law or Government authorities, including regulators or credit Information Bureaus; or (b) where the customer has consented to the sharing of such personal information, in terms of the Company’s privacy policy.
- 3.4. The Company shall not discriminate against its customers on the basis of race, caste, gender, marital status, religion and, or disability.

#### 4. APPLICABILITY

The Code shall apply to all the employees of the Company and other persons authorized to represent the Company in the course of its business.

#### 5. APPLICATIONS FOR LOANS AND THEIR PROCESSING

- 5.1. The Company shall source its borrowers through digital channels, including its Digital Lending Websites, or digital partners or agents or such other methods as permitted under the applicable laws. All loan applications shall be received by the Company through the Company's Digital Lending Website or through physical loan applications (in case of home Loans or Loans against property) or through such other methods in accordance with applicable laws.
- 5.2. The Company shall ensure that all communications to the borrower relating to its Loan agreement and key terms thereof shall be in the vernacular language or a language as understood by the borrower. Further, the Company shall make best efforts to ensure that all other communications with the borrower are in a language understood by the borrower.
- 5.3. The Company shall also ensure that Loan application forms shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by another lender can be made, and an informed decision can be taken by the borrower. The loan application form shall also indicate the documents required to be submitted with the application form.
- 5.4. The Company shall devise a system for giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.
- (a) All information required for processing the loan application shall be submitted to the Company at the time of application. In case the Company needs any additional information, the Company shall have the right to contact the customer.
  - (b) The Company shall convey, in writing, to the customer, in the sanction letter (in vernacular language or language understood by the borrower), about the loan sanction along with the terms and conditions thereof (including the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof, processing fees, loan tenor, Equated Monthly Instalment (EMI) payable, other applicable fees and charges and other details as applicable shall be disclosed,) and keep the acceptance of the terms and conditions by the borrower on its record. In case of rejection of Loan applications, the Company shall convey to the applicant the reasons for rejection.
  - (c) The Company, at its discretion, shall review requests for transfer of a loan account, either from the borrower or from a bank/ financial institution, in the normal course. The Company shall convey the consent or objection as the case may be within twenty-one (21) days from the receipt of the request. Such transfer shall be as per transparent contractual terms in consonance with

law.

- (d) Before taking a decision to change any terms and conditions including disbursement schedule, interest rate, service charges or any other charges, the Company shall give notice, in vernacular, or a language understood by borrowers, to borrowers as per the loan agreement. Any changes to the above charges shall be made available at the Company's branches and also on the website of the Company.

## 6. LOAN APPRAISAL AND TERMS / CONDITIONS

- 6.1. Loan applications are subject to the credit appraisal process followed by the Company.
  - (a) **The Company shall mention the charges to be charged for default or late payment of dues 'in bold' in the loan agreement.** Further, any prepayment penalty shall be disclosed to borrowers.
  - (b) The Loan disbursement process would be initiated upon receiving the acceptance of such terms and conditions as mentioned in the Loan agreement. The consent of the applicant shall be retained by the Company and maintained in its records digitally/ physically.
  - (c) A copy of the Loan agreement, together with all enclosures quoted in the Loan agreement, shall be furnished to all borrowers at the time of disbursement of Loans and acknowledgement of the same shall be maintained in its records digitally/physically.

## 7. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

- 7.1. The Company shall provide a KFS to all prospective borrowers to help them take an informed view before executing the loan contract, as per the standardised format given in the applicable RBI regulations. The KFS shall be written in a language understood by such borrowers. Contents of KFS shall be explained to the borrower and an acknowledgement shall be obtained that they have understood the same. The respective credit policies of the Company shall outline the process and mechanism for issuing the KFS, contents and validity thereof.
- 7.2. The Company shall 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 shall ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard has been incorporated by the Company in the Loan agreement.
- 7.3. The decision of the Company to recall / accelerate payment or performance under the agreement shall be in consonance with the Loan agreement.
- 7.4. All securities pertaining to the Loan would be released on receipt of full and final payment of the outstanding amount on the Loans, subject to any legitimate right or lien, and set-off for any other claim that the Company may have against the

borrowers. If such a right of set-off is to be exercised, the borrower shall be given prompt notice about the same with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities until the relevant claim is settled / paid.

7.5. Release of immovable properties' document in case of Home Loans / Corporate Loans

- (a) The Company shall release all the original immovable property documents and remove charges registered with any registry within a period of 30 (thirty) days after full repayment/settlement of the Loan account.
- (b) The borrower shall be given the option of collecting the original immovable property documents either from the branch where the Loan account was serviced or any other office of the Company where the documents are available, as per their preference.
- (c) The timeline and place of return of original immovable property documents shall be mentioned in the Loan sanction letters.
- (d) In order to address the contingent event of demise of the sole borrower or joint borrowers, the Company has a well laid out procedure for return of original immovable property documents to the legal heirs. Such procedure shall be available on the website of the Company.
- (e) Compensation for delay in release of immovable property documents
  - (i) In case of delay in releasing of original immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 (thirty) days after full repayment/ settlement of Loan, the Company shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the Company, the Company shall compensate the borrower at the rate of INR 5,000 (Indian Rupees Five Thousand only) for each day of delay.
  - (ii) In case of loss/damage to original immovable property documents, either in part or in full, the Company shall assist the borrower in obtaining duplicate/certified copies of the immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at clause (i) above. However, in such cases, an additional time of 30 (thirty) days will be available to the Company to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 (sixty)).
  - (iii) The compensation provided under this Code shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

7.6. The Company's Interest Rate Policy shall cover principles applicable to re-set of floating interest rates in case of floating interest rate loans, and such Interest Rate Policy shall be available on the website of the Company.

## **8. GENERAL PROVISIONS**

- 8.1. 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 information, not earlier disclosed by the borrower, has been noticed).
- 8.2. In the matter of recovery of Loans, 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 shall ensure there is no rude behavior from its employees/ third party collection agents towards customers, for which employees / agents will be adequately trained to deal with the customers in an appropriate manner.
- 8.3. The Company shall not charge foreclosure charges/ prepayment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).

## **9. RESPONSIBILITY OF BOARD OF DIRECTORS**

- 9.1. The Board of Directors of the Company has laid down the appropriate grievance redressal mechanism within the organization. The mechanism ensures that all disputes arising out of the decisions of the Company's functionaries are heard and disposed of at least at the next higher level.
- 9.2. The Board of Directors shall, on a bi-annual basis, review the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management. Such reviews shall be conducted each year in the months of October, and May by the Internal Audit (IA) Department. A consolidated report of such reviews shall be submitted to the Audit Committee and Board at regular intervals.

## **10. GRIEVANCE REDRESSAL**

- 10.1. The Company shall display the following information prominently, for the benefit of its customers, at its branches / places where business is transacted:
- (a) the name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company.
  - (b) If the complaint / dispute is not redressed within a period of one (1) month, the customer may appeal to the Ombudsman appointed by the Reserve Bank of India. Complaints can be filed online on <https://cms.rbi.org.in>. Complaints can also be filed through post to the 'Centralized Receipt and Processing Centre' set up at Reserve Bank of India, 4th Floor, Sector 17, Chandigarh - 160017.
- 10.2. The Company's grievance redressal mechanism shall be as per the Customer Grievance Redressal Policy of the Company, as amended from time to time, and the same shall be made available on the website of the Company.

## 11. LANGUAGE AND MODE OF COMMUNICATING FAIR PRACTICE CODE

The Code shall be made available on the website of the Company for the information of various stakeholders.

## 12. INTEREST RATE POLICY & PENAL CHARGES

- 12.1. The rate of interest and the approach for gradations of risk and rationale for charging different rates of interest to different categories of borrowers shall be disclosed to the borrower or customer and communicated explicitly in the sanction letter and application form.
- 12.2. The rates of interest and the approach for gradation of risks shall also be made available on the website of the Company. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- 12.3. The approved Interest Rate Policy shall be published on the website of the Company. The rate of interest must be annualised so that the borrower is aware of the exact rates that would be charged to the account.
- 12.4. The Interest Rate Policy of the Company shall provide details with respect to the computation of interest rate including the date from which such interest rate shall be charged, and provisions with respect to pro-rata levy of interest rate, based on disbursement / re-payment date.
- 12.5. Penal Charges:
- (a) Penalty, if charged, for non-compliance of material terms and conditions of Loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedure for compounding of interest in the loan account. Therefore, the Company may charge interest on unpaid interest (including on unpaid equated monthly instalments ("EMI")) at the contracted rate of interest till the date of remediation, and not at the penal rate of interest.
- (i) The material terms and conditions shall be defined in the credit policy of the Company, varying for each Loan product.
- (ii) Default in repayment by the borrower is also a type of non-compliance of material terms and conditions of the Loan repayment contract by the borrower and penalty, if charged, for such default shall only be levied in the form of penal charges and not penal interest. Such penal charges shall be reasonable and levied by the Company only on the amount under default in a non-discriminatory manner as per the Company's Interest Rate Policy. Further, it shall be ensured that there is no capitalization of the penal charges i.e., no further interest computed on such charges.

- (iii) Additional / fresh penal charges cannot be levied on the earlier outstanding amount of penal charges.
- (b) The Company shall not introduce any additional component to the rate of interest and ensure compliance to the Code in both letter and spirit.
- (c) The Company's Board approved Interest Rate Policy shall cover the principles for levy of penal charges.
- (d) 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.
- (e) The quantum and reason for penal charges shall be clearly disclosed by Company to the customers in the Loan agreement and the KFS as, in addition to being displayed on the website of the Company under Interest rates and Service Charges. Merely providing reference to the schedule of penal charges displayed on the website of the Company in the sanction letter and Loan agreement shall not suffice.
- (f) Whenever reminders for non-compliance of material terms and conditions of Loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefore shall also be communicated.
- (g) In the case of existing loans, the switchover to the new penal charges regime shall be ensured on next review or renewal date.
- (h) The Company, at its discretion, may provide relief measures such as waiver / reduction of various fees and charges in respect of customers in the areas where a calamity has been declared, for a period not exceeding 1 (one) year.

### **13. LOAN FACILITIES TO THE PHYSICALLY / VISUALLY CHALLENGED**

The Company shall not discriminate in extending Loans to physically / visually challenged applicants on grounds of disability. The Company shall render all possible assistance to such persons for availing Loans. The Company shall include a suitable module containing the rights of persons with disabilities guaranteed to them by the law and international conventions, in all the training programmes conducted for their employees at all levels. Further, the Company shall ensure redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism already set up by them.

### **14. RESPONSIBILITIES OF DIRECT SALES AGENTS ("DSA") / DIRECT MARKETING AGENTS ("DMA") / RECOVERY AGENTS OF THE COMPANY**

- 14.1. The Company lays down responsibilities for DSA / DMA in its Code of Conduct for DSAs / DMAs. Further, the collection and recovery process of the Company shall be as per the Collections and Recovery Policy of the Company. Responsibilities for Recovery Agents are laid down in the Code of Conduct for Debt Recovery Agents of the Company.

- 14.2. The Company shall ensure that the DSA / DMA / Recovery Agents are properly trained to handle their responsibilities with care and sensitivity, particularly aspects such as soliciting customers, hours of calling, privacy of customer information and conveying the correct terms and conditions of the products on offer, etc.
- 14.3. The Company shall obtain the undertaking of DSA / DMA to abide by the Code of Conduct for DSAs / DMAs. In addition, Recovery Agents shall adhere to extant instructions of this Code as also the Code of Conduct for Debt Recovery Agents. It is essential that the Recovery Agents refrain from action that could damage the integrity and reputation of the Company and that they observe strict customer confidentiality.
- 14.4. The Company shall strictly ensure that its Recovery Agents do not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and / or anonymous calls, persistently calling the borrower and / or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, making false and misleading representations, etc.
- 14.5. The Company shall:
- (a) not engage DSAs / DMAs who do not have any valid registration certificate from DoT, Government of India, as telemarketers; the Company shall engage only those telemarketers who are registered in terms of the guidelines issued by Telecom Regulatory Authority of India (“TRAI”), from time to time, for all their promotional / telemarketing activities;
  - (b) furnish the list of DSAs / DMAs engaged by the Company along with the registered telephone numbers being used by them for making telemarketing calls to TRAI; and
  - (c) ensure that all agents presently engaged by them register themselves with DoT as telemarketers.

## 15. COLLECTIONS AND RECOVERIES

The collection and recovery process of the Company shall be as per the Collections and Recovery Policy of the Company, as approved by the Board.

## 16. CODE OF CONDUCT

- 16.1. The Company shall ensure that the Code of Conduct for soliciting insurance business shall be governed by the regulations issued by the Insurance Regulatory and Development Authority of India.
- 16.2. Further, the Company shall ensure that the Code of Conduct for Debt Recovery Agents and Direct Selling Agents, as amended from time to time, are complied with.

**17. REVIEW AND AMENDMENT**

- 17.1. The Code shall be amended or modified with the approval of the Board. The Code shall be reviewed by the Board on an annual basis.
- 17.2. Without prejudice to the foregoing, in the event the Code requires to be amended to take into account any changes (whether on account of repeal of any existing law, or otherwise) in any existing regulation, law or policy (or any clarification with respect to any existing regulation, law or policy), the Chief Executive Officer of the Company may approve such changes to the Code as may be required to comply with such changes, or clarifications. Any such changes approved by the Chief Executive Officer shall be placed before the Board, in its immediately succeeding meeting, for ratification by the Board.
- 17.3. Notwithstanding anything contained in this Code, in case of any contradiction of the provision of this Code with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this Code.

**18. IMPLEMENTATION OF THE CODE**

The table below details the roles and responsibilities of the Audit Committee of the Board, the Chief Executive Officer, and the Internal Audit Department of the Company, in relation to this Code. These roles and responsibilities are in addition to the roles and responsibilities of the relevant committee, functionary, or department, whether under law, or the charter documents of the Company:

<b>Audit Committee of the Board</b>	<ul style="list-style-type: none"> <li>Review the compliance report submitted by the Audit Department on a bi-annual basis.</li> </ul>
<b>Chief Executive Officer</b>	<ul style="list-style-type: none"> <li>Approving amendments to the Code in accordance with Section 12.2 of this Code, subject to subsequent ratification by the Board of Directors.</li> </ul>
<b>Internal Audit Department</b>	<ul style="list-style-type: none"> <li>Conduct a review of the Company’s compliance with the Code on a bi-annual basis in the months of May and October; and</li> <li>Prepare a report based on the review conducted and submit to the Audit Committee of the Board, and the Board of Directors.</li> </ul>