

# **FAIR PRACTICES CODE & GRIEVANCE REDRESSAL**

**Nuvama Wealth Finance Limited**

**Document Control**

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## **1. Preamble and Scope**

Nuvama Wealth Finance Limited (Formerly known as Edelweiss Finance & Investments Limited) (the Company/ NWFL), in pursuance of the Directions issued by Reserve Bank of India for Non-Banking Financial Companies (NBFCs), has adopted the following Code for fair practices while dealing with customers.

The Fair Practice Code (FPC) is intended to cover the following areas:

- Applications for loans and their processing
- Loan appraisal and terms/conditions
- Disbursement of loans, including changes in terms and conditions and Key Facts Statement for Loans and Advances
- General provisions
- Grievance redressal mechanism

## **2. Applications for loans and their processing**

All loan products of the Company shall be the same as mentioned in the Credit policy of the Company

- (a) All relevant information pertaining to the loan/loan facility will be made available in the relevant loan application form(s) or through other modes (key fact statement, term sheet, teasers, etc.) as the case may be including but not restricted to nature of security required, fees/charges, if any, payable for processing, the non-refundable nature of fees including in the case of non-acceptance of loan proposal, prepayment options, check list in respect of information/papers required for considering loan and any other matter which effects the interest of the customer so that a meaningful comparison with the terms and conditions offered by other Non-Banking Financial Companies ('NBFCs') can be made and informed decision can be taken by the customer. The loan application form will also indicate the documents required to be submitted together with the duly completed application form.
- (b) The borrower will receive all the correspondence, loan documents, recall notices etc., relating to his/her loan in vernacular language or a language preferred by the borrower along with loan application form.
- (c) Receipt of completed applications forms will be duly acknowledged by the Company and the application would be processed in time-period upto 45days or such time as mutually agreed upon with the customer.
- (d) The customer would be explained the processes involved till sanction and disbursement of loan and would be notified of timeframe within which all the processes will be completed ordinarily

## **3. Loan appraisal terms and conditions and Key Facts Statement for Loans and Advances**

- (a) Loan applications shall be assessed in accordance with the Company's credit appraisal process. The borrower shall be informed in its vernacular language or language as opted/preferred by the customer about the outcome of the credit appraisal (approval/rejection) including additional data, if any, required should be called promptly to facilitate expeditious disposal of the loan.
- (b) The default interest, penal interest rate per annum/amount, if any, charged by the Company for

late repayment, would be mentioned in bold in the loan agreement, sanction letter, KFS etc. An acceptance of such terms and conditions governing the credit would be retained by the Company.

- (c) The Company would provide a Key Fact Statement (KFS) as required under the regulations to help customer to take an informed view before executing the loan contract, in the regulatory prescribed format which shall be in a language understood by such borrowers and shall have a validity period for acceptance of the terms of KFS by the borrower. An acknowledgment of the same shall also be obtained from the client to indicate the terms accepted by both parties.
- (d) Together with the communication on the sample repayment schedule of the loan over the loan tenor, as applicable, KFS shall also include a computation sheet of the annual percentage rate (APR), which shall include any charges recovered from the borrowers by the Company on behalf of third-party service providers at actual basis. KFS and disclosures shall be made in accordance with the RBI's prescribed formats and provisions, as amended from time to time.
- (e) The Company shall furnish a copy of the loan agreement as understood by the borrower along with copy of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction/disbursement of the loan.

#### **4. Disbursement of loans, including changes in terms and conditions**

- (a) Any change to the terms and conditions, including disbursement schedule, interest rates, service charges, prepayment charges, etc., shall be informed to the borrowers, , in the vernacular language or a language as understood by the borrower. A suitable condition in this regard shall be incorporated in the loan agreement, as applicable.
- (b) Changes in the interest rates and charges shall be affected prospectively. A suitable condition for this effect will be inserted in the loan agreement.
- (c) The Company shall charge interest from the date of actual disbursement of the funds to the customer and for the period the loan was outstanding after considering any repayments/part payments made by the borrower. In case of loans being disbursed by cheque, interest will be charged from the date of handover of cheque to borrower. An acknowledgment shall be obtained while handing over the cheque to the borrower.
- (d) Explicit consent of the borrower will be obtained on any fees, charges, etc. which are not mentioned in the KFS, if to be charged by the Company to the borrower at any stage during the term of the loan.
- (e) Decision to recall / accelerate payment or performance under the agreement shall be in accordance with the terms and conditions of the loan documents executed by the borrower with the Company.
- (f) All securities pertaining to the loan would be released on receipt of full and final payment of the loans, subject to any legitimate or contractual right or lien or right to set-off which the Company or any other person may have under the loan documents against the borrowers. 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 right to retain

or setoff the securities/sale proceeds from the securities or right to transfer the securities or sale proceeds is exercised by the Company. In the event of full and final payment of the loans along with other dues, if any, “No outstanding dues” certificate shall be issued by the Company within 1 month from the date of receipt of request from the borrower / customer.

- (g) All notices, correspondence in respect of the loan will be made in the language understood and declared by the borrower in the loan application form.

## **5. Loans sourced over Digital Lending Platforms**

The Company shall follow the following key instructions wherever the Company engages or does outsourcing of digital lending platforms through Lending Service Provider (LSP) inter alia to source borrowers, to recover dues etc:

- (a) A standardized Key Fact Statement (KFS) shall be provided to the borrower before executing the loan document which shall also include Annual Percentage Rate (APR).
- (b) Digital lending platforms engaged as LSP shall disclose the name of the lender, its product features, loan limit and cost, etc. so that the borrowers are aware of.
- (c) To disclose the names of digital lending platforms engaged as LSP on the website of the Company.
- (d) Any fees, charges, etc., payable to LSP shall be paid directly by the Company and not by the borrower.
- (e) A copy of the digitally signed documents on the letter head of the Company viz., KFS, summary of loan product, sanction letter, terms and conditions, account statements, privacy policies of the LSP or Digital Lending App with respect to borrowers’ data, etc. shall automatically flow to the borrowers on their registered and verified email/ SMS upon execution of the loan contract/ transactions.
- (f) The Company and LSP should have nodal grievance redressal officer to deal with FinTech/ digital lending related complaints which shall be prominently indicated on the website of the Company, LSP and on Digital Lending Apps respectively.
- (g) Any other provisions as defined under the guidelines on Digital Lending issued by the RBI, as amended from time to time.

## **6. Applicant with Disability (ies)**

The Company shall not discriminate in extending products and facilities including loan facilities to the physically / visually challenged applicants on the grounds of disability. They shall be treated at par with the other applicants and their application shall be dealt on merit as per the credit process and policy of the Company. All possible assistance will be provided to the applicants with the disability (ies) to enable them to understand, select and avail appropriate product or loan facility.

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.

## **7. General provisions**

- (a) The Company shall refrain from interference in the affairs of the borrower, except for the purposes and as provided in the terms and conditions of the loan documents or 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 loan 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.
- (c) In the matter of recovery of loans, the Company shall not resort to undue harassment viz persistently bothering the borrower at odd hours, use of muscle power for recovery of loans and would operate within the legal framework. The Company will ensure that all its employees are adequately trained to deal with the borrowers in an appropriate manner.
- (d) The Company shall 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).

#### **8. Release of movable / immovable property documents, if any**

- (a) In case the Company accepts any movable / immovable property as a security, the Company shall release all the original documents pertaining to such security and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account.
- (b) The borrower will be given the option of collecting the original movable / 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 her / his preference.
- (c) The timeline and place of return of original movable / immovable property documents will be mentioned in the loan sanction letters.
- (d) In the event of demise of the sole borrower or joint borrowers, the Company has a well laid out procedure, as applicable, for return of original movable /immovable property documents to the legal heirs which is also displayed on the website of the Company.
- (e) In case, there is delay in releasing of original movable / immovable property documents or failure in filing the charge satisfaction form with relevant registry beyond 30 days after full repayment/ settlement of loan, the Company will communicate to the borrower reasons for such delay.
- (f) In case where the delay is attributable to the Company, it will compensate the borrower as per the regulatory provisions.
- (g) In case of loss/damage to original movable / immovable property documents, either in part or in full, the Company will assist the borrower in obtaining duplicate/certified copies of the movable / immovable property documents and will bear the associated costs, in addition to paying compensation as indicated at point (f) above. However, in such cases, an additional time of 30 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 days).

## 9. Regulation of excessive interest rates charged

- a) The Board of Directors has adopted an interest rate model for determining the rate of interest to be charged on loans and advances, processing, and other charges considering relevant factors such as, cost of funds, margin, and risk premium, etc. 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 to the borrower or customer explicitly in the sanction letter.
- b) The rates of interest and the approach for gradation of risks is also made available on the website of the Company. The information published on the website or otherwise published will be updated, whenever there is a change in the rates of interest.
- c) The rate of interest would be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.

## 10. Penal Charges

- a) The penal charges, if any, charged by the Company for late repayment, non-compliance with any material terms and conditions of the loan agreement etc. shall not be levied in the form of 'penal interest' i.e; it shall not be added to the rate of interest charged on the advance and would be mentioned in bold in the loan agreement, sanction letter, KFS etc. Further, the Company would not capitalize any penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
- b) The Company will not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.
- c) The quantum of penal charges on 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', will not be higher than the penal charges applicable 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 by the Company to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on the Company's website under Interest rates and Service Charges.
- f) The reminders sent to borrowers for non-compliance of material terms and conditions of loan will also include the applicable penal charges.
- g) Any instance of levy of penal charges and the reason therefore will also be communicated

to the borrower.

## 11. Responsibility of Board of Directors

The Board of Directors of the Company has laid down grievance redressal mechanism within the organization as per details mentioned in the next paragraph. Such a mechanism ensures that all disputes arising out of the decisions are heard and disposed of at least at the next higher level. The Board of Directors of the Company shall review the compliance of the FPC and the functioning of the grievance redressal mechanism on a quarterly basis. A consolidated report of compliance shall be submitted to the Board in this regard.

## 12. Grievance Redressal Mechanism (GRM)

The implementation of the Grievance Redressal Mechanism shall be the responsibility of the Company. The Company shall make every effort to ensure that its dealing with borrowers / customers is smooth and hassle free. Any complaint brought to the notice of the Company by a borrower / customer will be handled expeditiously.

### Key Parameters:

Following are some of the key parameters of the GRM:

1. Resolution of customer complaints/disputes/queries within a prescribed time frame.
2. Ensuring that all complaints/disputes/queries of customers are heard and disposed off at least at the next higher level.
3. Company to ensure to take up the grievance promptly and try to resolve the matter expeditiously. If the matter is not resolved within the prescribed time period or is not capable of being resolved, then the customer shall be informed appropriately.
4. All disputes / complaints arising out of the decisions of the Company's functionaries including issues relating to services provided by the outsourced agency and complaints relating to updation/alteration of credit information of customers on CICs, complaints pertaining to digital lending or likewise would be heard and disposed of after it is brought to their notice.
5. All communication in relation to the GRM shall be in writing.

### Escalation Matrix & Timelines:

The Company has provided the following Grievance Redressal Mechanism to resolve any of its Customer Query/ Grievance / Complaints:

#### LEVEL -1

- Borrowers may submit their complaints or grievances by either:
  - i. approaching the Branch Manager / Relationship Manager and recording the same in the complaint register maintained at the respective branch, or
  - ii. sending an email to [nwfl.grievancecell@nuvama.com](mailto:nwfl.grievancecell@nuvama.com). The concerned Employee / Relationship Manager / Branch Official shall provide necessary guidance to the borrower to facilitate the lodging of complaints with the Grievance Redressal team.
- The Grievance Redressal team shall endeavor to provide the borrower with the resolution / response to the queries / complaint/s with copy of the response provided to borrower to be

shared with Grievance Redressal Officer (GRO).

## LEVEL - 2

- If the query remains unresolved at Level-1, the borrower / customer, can approach Grievance Redressal Officer & Principal Nodal Officer at the following details: -

Name: Mr. Ramakrishna Yeeramalli

Address: 801- 804, Wing A, Building No. 3, Inspire BKC, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051.

Tel No: +91 040-66375273

Email id: [NWFL.GRO@nuvama.com](mailto:NWFL.GRO@nuvama.com)/ [pno@nuvama.com](mailto:pno@nuvama.com)

- The Grievance Redressal Officer/Principal Nodal Officer shall endeavor to provide the borrower with the resolution / response to the queries / complaints / grievances received from them within a maximum period of 30 days from the day of the receipt of the complaint / grievances. For CIC related complaints, the resolution/response needs to be mandatorily provided within a period of 21 calendar days of being informed by the complainant or a CIC.

## LEVEL - 3

- If the Complaint / Grievances are not resolved within a period of 30 days, the borrower / customer / applicant may appeal to the Banking Ombudsman appointed by the Reserve Bank of India.
- Procedure for Filing Complaints under Ombudsman:
  - The complaint may be lodged online through the portal designed for the purpose (<https://cms.rbi.org.in>).
  - The complaint may also be submitted through electronic or physical mode to the Centralised Receipt and Processing Centre, Reserve Bank of India, 4th Floor, Sector 17, Chandigarh - 160017 as notified by the Reserve Bank. The complaint, if submitted in physical form, shall be duly signed by the complainant or by the authorised representative. The complaint shall be submitted in electronic or physical mode in format as prescribed by RBI.

### **Display of Grievance Redressal Mechanism (GRM):**

For the benefit of the customers, the GRM will be displayed prominently at Company's branch, if any and at registered office. The customers can also access the details of GRM on the website of the Company.

## 13. RBI Ombudsman Scheme

RBI Integrated Ombudsman Scheme, 2021 - In line with the RBI Integrated Ombudsman Scheme, 2021, the Company has adopted the Ombudsman Scheme, and the following documents will be available to the customers on the website and branches of the Company

- Integrated Ombudsman Scheme, 2021
- Salient Features of the Scheme
- Form of Complaint

- Details of Grievance Redressal Officer and Principal Nodal Officer

#### **14. Review of Policy**

The Company may review or amend the Policy, through the Board and/or a designated committee, to comply with regulatory requirements or to make any necessary modifications to meet business needs.

However, Policy shall be reviewed at least annually and approved by the Board.

In case, any amendments, clarifications, circulars or guidelines are issued by the regulatory body(ies)/authority(ies) and is immediately effective, then provisions of such amendments, clarifications, circulars and the guidelines shall prevail over the existing policy from the effective date as referred in the notification.