

Fair Practices Code DhanSafal Finserve Limited (Formerly Known as Luharuka Media & Infra Limited)

Introduction

Pursuant to the Master Circular dated July 1, 2015, vide DNBR (PD) CC.No.054/03.10.119/2015-16 and Master Direction - Scale Based Regulation (SBR) for NBFC, 2023, dated 19th October 2023 (as updated by RBI from time to time), **DHANSAFAL FINSERVE LIMITED** (hereinafter referred to as the "Company") has formulated this Fair Practices Code to lay down the following procedures/practices in dealing with the lending business carried out by the Company.

This Code aims to provide all the stakeholders, especially to customers, an effective overview of practices followed by the Company in respect of the financial facilities and services offered to the customers (hereinafter 'the borrowers' or 'the customers').

Objectives of the Code:

- a. Promote good practices in customer dealings
- b. Foster a fair relationship between customers and the Company
- c. Ensure legal compliance in recovery matters
- d. Strengthen mechanisms for addressing customer grievances

The Company will issue communications (e.g., loan application, sanction communication, Key Fact Statement (KFS), loan agreement, Terms and Conditions, etc.) to the borrowers either in paper or digital form and in vernacular language or a language understood by them.

1. Applications for Loans and Their Processing

- a. The loan application forms issued will include necessary information that affects the interest of the borrowers so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and an informed decision can be taken by the borrowers. The loan application form will indicate the documents required to be submitted along with the application form.
- b. The Company will provide acknowledgment for the receipt of loan applications. The time frame within which loan applications shall be disposed of will be indicated in the acknowledgment. In the case of digital documentation, the transparent process flow will include acknowledgment and the time frame.
- c. The Company will collect all necessary documents to comply with Know Your Customer (KYC) norms as prescribed by the Reserve Bank of India (RBI). Additional information may be requested if needed.
- d. A loan application form may not be required for pre-approved loans.

2. Loan Appraisal and Terms & Conditions

- a. The Company will conduct a credit assessment of borrower applications according to internal policies and procedures.
- b. The Company will convey in writing the sanction letter or otherwise, which will indicate the amount of loan, annualized rate of interest including the method of application, along with the terms and conditions and KFS to the borrowers, where applicable, and obtain acceptance/acknowledgment from the borrowers.

c. The Company will furnish a copy of the loan agreement, as understood by the borrowers, along with all the enclosures quoted in the loan agreement at the time of sanction/disbursement of loans.

d. The penal charges or other charges charged for late payment will be made in **bold** fonts in the loan agreement. Repayment due dates, frequency, break-up of principal and interest, examples of SMA/NPA, etc., will be laid down in the loan agreement.

3. Disbursement of Loans Including Changes in Terms and Conditions

a. The Company will give notice to all its borrowers about any change in the terms and conditions, including disbursement schedule, interest rates, service charges, prepayment charges, etc. The Company will also ensure that changes in interest rates and charges are effected only prospectively. These updates will be available at our branches and website, **www.dhansafal.com**.

b. Any decision to recall or accelerate payment under the loan agreement will comply with the agreement's terms.

c. The Company will release all loan securities upon full payment, subject to any legitimate right or lien. If the Company exercises the right of set-off, the Company will notify the borrower with detailed particulars about remaining claims and conditions for retaining the securities until settlement.

4. Interest Charged

a. The Company has adopted a Board-approved Policy for determining Interest Rates, Processing, and Other Charges, which is listed on the Company's website, **www.dhansafal.com**.

b. The Company will disclose the interest rates for various products by displaying them on its website. Additionally, the interest rates will be explicitly communicated in the sanction communication.

c. The Company will disclose the rate of interest and the approach for gradations of risk and the rationale for charging different rates of interest to different categories of borrowers in the application form and communicate it explicitly in the sanction letter. The information published on the website will be updated whenever there is a change in the rates of interest.

d. Foreclosure charges may be applied in accordance with regulatory directions issued from time to time.

e. The Company may impose **penal charges** for non-compliance with material terms and conditions of the loan contract by the borrower and shall not levy them in the form of **penal interest** added to the rate of interest charged on the loan outstanding amount. Penal charges will not be capitalized; hence, no further interest will be computed on such charges.

f. The Company will charge interest from the loan sanction or agreement or cheque handover date. Interest will be applied for the period during which the loan is outstanding.

5. Safeguarding Property Documents

a. The Company will ensure the safe custody of property documents received from borrowers, especially in cases where the borrower has mortgaged a property as collateral while availing a loan.

b. The Company will provide an acknowledgment to the borrower for the documents submitted. This acknowledgment will include a detailed description of the documents received and will be issued either in paper or digital form.

- c. The property documents will be securely stored and accessible only by authorized personnel. The Company will take necessary steps to prevent unauthorized access, damage, or loss of the documents.
- d. Upon the full repayment of the loan and after meeting all conditions stipulated in the loan agreement, the Company will return the property documents promptly to the borrower.

6. Release of Property Documents on Repayment of Loans

- a. The Company will release all original property documents and remove any registered charges within 30 days of full loan repayment. Borrowers can collect these documents from the base branch or any other designated office as specified in the loan sanction letter.
- b. In case of the demise of a borrower, the original documents may be handed over to the surviving borrower(s). If no borrower is available, the legal heir must submit a succession certificate and an authority letter from all legal heirs authorizing one person to collect the documents. Alternatively, the company may accept an affidavit along with a certificate from a gazetted officer confirming the names of all legal heirs of the deceased borrower.
- c. If there is a delay beyond the stipulated 30 days due to reasons on the Company's part, the Company will notify the borrower regarding such delay and compensate them at a rate of ₹5,000 per day.
- d. In cases where property documents are lost or damaged while in the Company's custody, the Company will assist the borrower in obtaining copies of these documents and bear all related costs.
- e. This compensation and assistance are in addition to any other legal rights or remedies available to the borrower.

7. Non-Coercive Methods of Recovery

- a. The Company will establish a mechanism to identify borrowers facing repayment-related difficulties, engage with such borrowers, and provide necessary guidance about the recourse available to them.
- b. The Company will adhere to the following principles while undertaking recovery:
 - i. Collections will be carried out at a common place where borrowers feel comfortable making their repayments.
 - ii. Collection staff will not contact borrowers at odd hours, strictly following RBI guidelines for loan recovery.
 - iii. Collection staff will refrain from contacting or persistently calling borrowers before 9:00 a.m. and after 6:00 p.m.
 - iv. Recovery will take place at a mutually agreed-upon designated location. Recovery at the borrower's residence or workplace will only occur if the borrower fails to appear at the designated location on two or more successive occasions.
 - v. Staff will not involve any unauthorised third parties in the collection of recoveries from the borrowers.
 - vi. The Company will provide borrowers with a receipt, either in hard copy or digital format, as evidence of repayment.
 - vii. Collection staff will not engage in threatening or abusive behavior, harass relatives, friends, or co-workers of the borrower, or disclose the borrower's details publicly.

viii. Under no circumstances will staff use threats, violence, or similar means to harm the borrower, their family, assets, or reputation.

ix. The Company will ensure borrowers are not misled about the extent of their debt or the consequences of non-repayment.

x. The Company will implement an approved framework for the recruitment, training, and supervision of staff, particularly concerning adherence to the Code of Conduct.

This framework will include the following provisions:

- Define minimum qualifications required for field staff.
- Identify appropriate training methods to equip staff with the skills to deal professionally with borrowers.
- Train staff to promote respectful and appropriate behavior towards borrowers without resorting to abusive or coercive debt collection practices.
- Emphasize service quality and borrower satisfaction in staff compensation policies, prioritizing these over loan mobilization volume or recovery rate.

8. Responsibilities for Outsourced Activities

a. The Company will remain fully accountable for the actions and behavior of its employees as well as employees of any outsourced agencies.

b. The Company is committed to addressing grievances related to inappropriate behavior by employees or outsourced personnel promptly and effectively through its established grievance redressal mechanisms.

9. Engagement of Recovery Agents

a. The Company will adopt a robust due diligence process for engaging recovery agents. This process will include comprehensive background checks and police verification for all employees of the recovery agency. The frequency of re-verification will be determined by the Company based on internal policies and risk assessment.

b. To ensure transparency and proper authorization, the Company will provide borrowers with details of recovery agents engaged in the process. Recovery agents will be required to carry a notice, an authorization letter issued by the Company, and a valid identity card.

c. In cases where a new recovery agency is assigned during the recovery process, the Company will notify the borrower of the change. The newly assigned recovery agents will be required to carry the necessary documents to validate their authorization.

10. Key Facts Statement

Give a link to the KFS

11. Grievance Redress Policy

Give a link to the policy.

12. Integrated Ombudsman Scheme

a. The Integrated Ombudsman Scheme, 2021, became effective on November 12, 2021. This Scheme follows a 'One Nation One Ombudsman' approach, making the RBI Ombudsman mechanism jurisdiction-neutral. It consolidates the following three Ombudsman schemes of the RBI:

- The Banking Ombudsman Scheme, 2006
- The Ombudsman Scheme for Non-Banking Financial Companies, 2018
- The Ombudsman Scheme for Digital Transactions, 2019

b. Relevant details are available on the Company's website at **www.dhansafal.com**.

c. In alignment with the RBI guidelines on 'Appointment of Internal Ombudsman by Non-Banking Financial Companies' dated November 15, 2021, the Company has appointed an Internal Ombudsman and ensures compliance with the related guidelines.

13. General

a. The Company will not interfere in the affairs of the borrower, except for purposes explicitly outlined in the Loan Agreement, unless new, previously undisclosed information has come to the Company's attention.

b. The Company will maintain strict confidentiality of personal client information, ensuring it is safeguarded at all times.

c. The Company will disclose client information to third parties only under the following circumstances:

i. The customer has been informed and has given written consent for such disclosure. ii. The customer has authorized the third party to obtain the information from the Company. iii. Disclosure is required by regulatory or legal provisions.

d. In loan recovery matters, the Company will adhere to prescribed guidelines and operate strictly within the legal framework, in compliance with applicable laws and regulations.

e. The Company will ensure that its staff do not engage in intimidation or harassment of any kind—verbal or physical—during debt collection efforts. This includes avoiding acts that may publicly humiliate the borrower, intrude upon the privacy of borrowers' families or referees, or use inappropriate means such as:

- Sending offensive messages via mobile or social media.
- Making threatening or anonymous calls.
- Persistently calling borrowers before 8:00 a.m. or after 7:00 p.m. for loan recovery.
- Making false or misleading representations about the borrower's obligations.

f. The Company has established a code of conduct for debt collection, ensuring that staff, or any authorized personnel representing the Company, undergo comprehensive training to adhere to this code.

g. The Company's debt collection policy is founded on courtesy, fair treatment, and persuasion. The Company values long-term customer relationships and confidence. Staff or authorized representatives engaged in debt collection or security repossession will identify themselves clearly and interact courteously with customers.

h. The Company will provide customers with all necessary information regarding outstanding dues and will issue sufficient notice for payments. Customers will generally be contacted at their preferred location; if not specified, they may be approached at their residence. If unavailable at their residence, they may be contacted at their place of business or occupation.

i. The Company will respect the privacy of customers, ensuring that all interactions are conducted in a civil manner. It will endeavor to resolve disputes amicably and to the mutual satisfaction of both parties, particularly regarding dues.

j. Upon receiving a request from the borrower for transferring their borrowal account, the Company will convey its consent or objections, if any, within 21 days of receiving the request. Such transfers will comply with transparent contractual terms in accordance with the law.

k. A 'Vernacular Declaration' will be obtained from all customers, stating: "If you are unable to understand the contents in English, we request you to contact us at any of our branches or via the contact details available on our website: www.dhansafal.com." Additionally, this Fair Practices Code will preferably be made available in the vernacular language or any language understood by the borrower at the Company's branches/offices and on its website.

l. The Company will prominently display at its branches/offices the name and contact details of the Grievance Redressal Officer, the Regional Office of the RBI, and the grievance redressal mechanism followed by the Company.

m. Wherever mentioned in this Policy, "Collection Staff" will include the Company's employees and/or employees of any recovery agency hired for collection purposes.

n. The Company will ensure no discrimination when providing products and facilities, including loan services, to physically or visually challenged applicants. All branches of the Company will provide necessary assistance to such individuals to help them access the Company's services.

14. Review

a. The Company will conduct a periodic review, at least once annually, to ensure compliance with the Fair Practices Code and assess the effectiveness of the grievance redressal mechanism.

b. The findings and recommendations from these reviews will be documented and submitted to the Board or the designated Committee of the Board for further evaluation and action.