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DHANSAFAL FINSERVE LIMITED

FAIR PRACTICE CODE

Contents

1. BACKGROUND:

Dhansafal Finserve Limited (hereafter referred to as 'the DFL'/ 'the Company') is a limited company incorporated under the provisions of the Companies Act, 1956 and is a Reserve Bank of India (RBI) registered Non-Systemically Important Non-Deposit Taking Non-Banking Financial Company ("NBFC-ND").

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non-Banking Financial Companies (NBFCs) thereby setting standards for fair business and corporate practices while dealing with their customers. Master Direction Reserve Bank of India (**Non-Banking Financial Companies – Responsible Business Conduct** - RBI/DOR/2025-26/362 DOR.MCS.REC. No.281/01-01-039/2025-26 ("the Directions") requires all applicable NBFCs to put in place Fair Practices Code based on the guidelines outlined in the said directions.

In terms of the RBI Directions and considering the nature of the business, it is proposed to adopt the following Fair Practice Code (Code) for the Company's lending activities applicable for all lending products.

2. OBJECTIVE OF THE CODE:

The Key objective of the Code:

a) To ensure Fair Practices while dealing with the customers and promote good, fair and trustworthy practices by setting up minimum standards;

b) To ensure greater transparency enabling customers in having a better understanding of the product and taking informed decisions;

c) To ensure that clients are advised of the terms and conditions of products/ services provided in a comprehensive manner for their consideration prior to commitment of a transaction;

d) To monitor and administer client accounts in a fair and transparent manner consistent with the terms and conditions of the facility provided;

e) Recovery and enforcement, where necessary, is conducted following due process of law.

f) To ensure compliance of applicable regulations prescribed by RBI relating to fair practices.

3. APPLICABILITY OF THE FAIR PRACTICE CODE:

I. Applications for loans and their processing:

a) The borrower shall be provided with the loan application form, inter alia, including broad features, terms and conditions governing the loan, indicating the primary list of documents including KYC documents required to be submitted with the application form. Any other documents, if required, to be submitted with the loan application shall be informed to the borrower separately.

b) Loan application of the Company will also provide for 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.

c) The Company shall provide an acknowledgement for all loan applications to the prospective borrower. The time frame, within which loan applications will be disposed of, will be indicated in the acknowledgement.

d) All communications to the borrower shall be in English or in vernacular language / the language as understood and confirmed by the borrower.

II. Loan appraisal and terms/conditions:

a) The Company shall appraise loan applications considering the risk-based approach and credit policy(ies) of the Company.

b) The Company shall convey in writing to the borrower in English or in vernacular language / the language as understood by the borrower by means of sanction/ welcome letter or MITC (Most Important Terms and Conditions) or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof.

c) The acceptance of the terms and conditions communicated by the borrower shall be preserved by the Company on its record.

d) The Company shall mention the penalties charged for late repayment in bold in the sanction letter or welcome letter or otherwise in loan agreement.

e) The Company will furnish a copy of loan agreement along with a copy of each enclosure quoted in the loan agreement to all clients at the time of sanction/disbursement of loan.

III. Disbursement of loans, including changes in terms and conditions:

a) The Company shall give notice to the borrower in English or in vernacular language / the language as understood by the borrower, of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. Changes in interest rates and charges shall be affected prospectively and a suitable condition in this regard shall be incorporated in the loan agreement.

b) Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the Loan Agreement.

c) The Company shall release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company may have against borrower. If such right of set off is to be exercised, the borrower shall be informed about the same with full particulars about the remaining claims and the conditions under which the Company are entitled to retain the securities till the relevant claim is settled/paid.

IV. Post Disbursement Supervision:

a) The decision, if any, of the Company to recall/accelerate payment or performance of loan shall be in accordance with the terms and conditions of the loan agreement.

b) The Company shall give reasonable time to the borrowers before recall of the loan or asking for accelerating the payment or performance subject to the terms and conditions contained in the loan agreement and/or other related documents.

c) The collaterals lying with the Company may be released within reasonable time on receipt of full and final repayment of 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 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 Company is entitled to retain the collaterals till the relevant claim is settled / paid.

d) In case where the borrower has availed facility allowing the borrower to borrow/draw monies within the overall amount sanctioned as and when needed by the borrower, the collateral may be retained by the Company for operational convenience and also to protect interest from potential defaults by the borrower and to protect the interest of the associate / group company/ies of the Company.

V.A. Responsible Lending Conduct - Release of property documents:

The Company shall adhere to RBI's circular dated Nov 28, 2025, regarding the release of movable/immovable property documents on repayment/settlement of personal loans. The procedure for return of documents to legal heirs is displayed on the website.

V.B. Engagement and Conduct of Recovery Agents

(a) **Due Diligence and Verification: DhanSafal Finserve Limited** shall adopt a robust due diligence process for the engagement of recovery agents[1]. This process includes comprehensive background checks and mandatory police verification for all employees of the recovery agency. The frequency of subsequent re-verification will be determined by the Company based on internal policies and risk assessment.

(b) **Transparency and Identification:** To ensure transparency and proper authorization, the Company will provide borrowers with specific details of the recovery agents engaged in their case. All recovery agents are strictly required to carry and produce a formal notice, an authorization letter issued by the Company, and a valid identity card during any interaction.

(c) **Notice of Change:** In the event that a new recovery agency is assigned during the recovery process, the Company will proactively notify the borrower of the change. The newly assigned agents will likewise be required to carry all necessary documentation to validate their authorization before commencing any recovery activities.

(d) **Training and Conduct:** All recovery agents, acting as "Collection Staff," are required to undergo comprehensive training to adhere to the Company's code of conduct, which emphasizes courtesy, fair treatment, and persuasion over coercive practices.

VI. Penal Charges in Loan Accounts:

a) Penalty for non-compliance shall be treated as 'penal charges' and not levied as 'penal interest' added to the rate of interest. No capitalization of penal charges.

b) No additional component shall be introduced to the rate of interest.

c) The Company shall formulate a Board approved policy on penal charges.

d) Charges shall be reasonable and commensurate with non-compliance.

e) Charges for individual borrowers (non-business) shall not exceed those for non-individual borrowers.

f) Quantum and reason for charges shall be disclosed in the loan agreement, KFS, and website. KFS is provided in Annex 1 – Key Facts Statement and that it will be made available in regional languages.

VII. Repossession of Assets

The Company shall include a built-in re-possession clause in the loan agreement with the borrower which will be legally enforceable. To ensure transparency, the terms and conditions of the loan agreement shall also contain provisions regarding:

(a) Notice period before taking possession.

(b) Circumstances under which the notice period can be waived.

(c) The procedure for taking possession of the security.

(d) A provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property.

(e) The procedure for giving repossession to the borrower.

(f) The procedure for sale / auction of the property.

DhanSafal Finserve Limited shall also adhere to the provisions of the **Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002**, where applicable, for the enforcement of security interest and recovery of dues, ensuring all statutory notices and legal procedures are strictly followed. A copy of such terms and conditions shall be made available to the borrowers.

VIII. Co-Lending Arrangements

The Company may enter into co-lending arrangements with other Banks or Non-Banking Financial Companies (NBFCs) to provide credit to borrowers. In such cases:

(a) **Role Disclosure:** The Company shall disclose to the borrower the names of the co-lending partner(s) involved in the loan facility.

(b) **Terms Consistency:** The Most Important Terms and Conditions (MITC) and the Key Fact Statement (KFS) shall clearly reflect the interest rate and charges as agreed upon between the co-lending partners and the borrower.

Grievance Redressal: Borrowers in a co-lending arrangement shall have access to the Company's grievance redressal mechanism, and any disputes shall be resolved in coordination with the co-lending partner within the statutory 30-day period

IX. Grievance Redressal Mechanism:

The following shall be displayed prominently at branches and on the website:

a) Name and contact details of the Grievance Redressal Officer.

b) If a complaint is not redressed within 30 working days, customers may lodge a complaint via the RBI Ombudsman Scheme at https://cms.rbi.org.in.

or

send Complaint Form to the below mentioned address:

Centralised Receipt and Processing Centre,

Reserve Bank of India, 4th Floor,

Sector 17, Chandigarh – 160017

Tollfree Number- 14448

X. Integrated Ombudsman Scheme for Non-Banking Financial Companies:

- **Implementation and Scope:** 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

- **Consolidation of Schemes:** 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.
- **Centralised Receipt and Processing Centre (CRPC):** A Centralised Receipt and Processing Centre (CRPC) has been established by the Reserve Bank of India to serve as a single point for the receipt and initial processing of physical and email complaints in any language.
    - **Physical Address:** Centralised Receipt and Processing Centre, Reserve Bank of India, 4th Floor, Sector 17, Chandigarh – 160017.
    - **Email ID: crpc@rbi.org.in**.
    - **Toll-Free Number: 14448** (9:30 am to 5:15 pm).
- **Accessibility:** Relevant details regarding the scheme and filing process are available on the Company's website at **www.dhansafal.com** or through the RBI's CMS portal at **https://cms.rbi.org.in**.
- **Internal Appointment:** In alignment with the RBI guidelines on 'Appointment of Internal Ombudsman by Non-Banking Financial Companies' dated November 15, 2021, **DhanSafal Finserve Limited** has appointed an Internal Ombudsman and ensures strict compliance with the related regulatory guidelines.

XI. General provisions:

a) The Company will refrain from interference in borrower affairs except as provided in the agreement.

b) Requests for transfer of borrower's account shall be responded to within 21 days.

c) Recovery shall be via legally valid remedies; no undue harassment or muscle power.

d) No discrimination on grounds of gender, caste, religion, or disability.

e) Staff shall be adequately trained for appropriate customer interaction.

XII. Confidentiality:

Personal information is treated as private and confidential. Details may only be revealed if required by law (RBI, CIBIL, NeSL, Courts), authorized by the customer, in public interest, or in case of default.

XIII. Interest Rate:

The Company has an Interest Rate Policy taking into account risk profile, cost of funds, and market trends. Interest rates are on an annualized basis and communicated in the sanction letter. The policy is published on the Company website www.dhansafal.com.

XIV. Possession of property:

The loan agreement includes a legally enforceable possession clause with transparent provisions regarding notice periods, procedures for taking possession, and sale/auction procedures.

XV. Responsibility of Board of Directors:

The Board has adopted a Grievance Redressal Policy. The Board shall be provided with periodical reviews of compliance with the Fair Practices Code and the functioning of the grievance mechanism.

4. DISCLOSURE:

Fair Practices Code, in vernacular languages shall be put up on the website of the Company for the information of various stakeholders.

5. REVIEW & AMENDMENTS:

This policy shall be reviewed periodically. In case of RBI amendments inconsistent with this Code, the RBI provisions shall prevail and the Code shall stand amended accordingly.

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