

# PAISALO

EASY LOAN आसान लोन

## FAIR PRACTICES CODE

Last Amendment/Review Date – 10<sup>th</sup> May, 2026

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### PAISALO DIGITAL LIMITED

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अर्थ: समाजस्य न्यासः

## FAIR PRACTICES CODE

### INTRODUCTION

This is a compulsory code which sets out the minimum standards of business practices to be followed by the Company in its dealings with customers. It provides protection to the customers and explains how company is expected to deal in their business operations.

The Code does not replace or supersede regulatory or supervisory instructions of the Reserve Bank of India (RBI), and we will comply with such instructions/directions issued by RBI from time to time.

Provisions of the Code may set higher standards than what is indicated in the regulatory instructions, and such higher standards will prevail as the Code represents best practices voluntarily agreed to by us as our commitment to the customers.

### BACKGROUND

Reserve Bank of India (RBI) has issued guidelines on the Fair Practices Code for NBFCs from time to time and recently the RBI under Chapter VII of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 has provided updated guidelines on Fair Practices Code for Non-Banking Financial Companies that are to be adopted by the Company. In accordance with the broad guidelines prescribed by the RBI and subsequently amended from time to time, Paisalo Digital Limited has framed and updated its Fair Practices Code accordingly.

This code is also aligned with the RBI Circular on Penal Charges dated August 18, 2023, the RBI Circular on the Release of Property Documents dated September 13, 2023, the RBI Digital Lending Guidelines (as amended), the RBI Outsourcing Directions and the Reserve Bank – Integrated Ombudsman Scheme, 2021.

### 1. OBJECTIVE

#### 1.1 Objectives of Fair Practices Code

- a. To ensure compliance with the RBI directions on Key Facts Statement (KFS), the Annual Percentage Rate (APR), penal charges, digital lending, outsourcing, and data protection laws and transparency in the Company's dealings with its Customers.
- b. To ensure compliance with legal norms in matters relating to recovery of advances.

To strengthen mechanisms for resolving the customer grievances.

- c. To provide and promote professional, efficient, diligent and fast services.
- d. To not discriminate any borrower on the basis of religion, caste or sex.

- e. In order to ensure compliance with the Non-Banking Financial Company – Scale Based Regulation Directions, 2023, as amended from time to time.

## 1.2 Application of the Code

This Code applies to all the Loan facilities provided by Paisalo Digital Ltd. This Fair Practices Code (FPC), as approved by the Board of Directors, shall be hosted on the Company's official website and made available to all stakeholders. The Code shall preferably be available in vernacular language(s) or in a language understood by the borrower.

## 2. KEY COMMITMENTS

### 2.1 Key Commitments to the customers

Meeting the commitments and standards provided in this Code for the services and products offered, and in the procedures and practices we follow;

Sincere endeavor to ensure that the services and products offered by the Company meet relevant laws and regulations in letter and spirit;

Ensuring our dealings are based on ethical principles of integrity, honesty and transparency

### 2.2 Information to Customer

Giving all the information in the vernacular language

Ensuring that the customers are given clear information about the products and services offered, the terms and conditions, interest rates/service charges

Prompt resolution of customers' queries/complaints.

## 3. GENERAL INFORMATION

Prior to the establishment of a customer relationship, the Company will:-

Give clear information explaining the key features of the services and products best suited to the individual needs of the borrower, including applicable interest rates and other necessary terms and condition.

## 4. LOAN PROCESSING

### 4.1 Applications for loans and their processing

4.1.1 At the time of issuing application form for a loan proposal the Company will provide clear information about the interest rates applicable, whether floating rate or fixed rate, the

fees/charges payable for processing, part of processing fees refundable if loan amount is not sanctioned/disbursed, pre-payment options and charges, penal charges for delayed repayments, and any other matter which affects the interests of the borrower.

4.1.2 The loan application form shall indicate the documents required to be submitted with the application form.

4.1.3 Acknowledgement Receipt of all facility applications to be issued instantly on receipt of duly authenticated applications.

4.1.4 The Loan applications will be disposed of within a reasonable period from the date of issuing an acknowledgement of receipt of the application.

4.1.5 All communications to the Borrower shall be in the vernacular language or a language as understood by the Borrower.

#### 4.2 Loan appraisal and terms/conditions

4.2.1 The Loan proposal will be appraised in accordance with the company's prescribed risk assessment procedures, appropriate security conditions will be stipulated, based on such risk assessment and company's extant guidelines, without compromising the due diligence exercise.

4.2.2 The sanction letter or any other documents, detailing particulars of the amount sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof, commencement of instalment date, tenor of instalments will be given on sanctioning the proposal and keep the acceptance of these terms and conditions by the borrower on its record.

4.2.3 The Rejection of the proposal will be communicated with reasons within a reasonable time of login.

4.2.4 The penal charges payable on delayed payments (for late payment) shall be communicated to the borrower by way of loan agreement/other prescribed document.

4.2.5 The Company shall furnish a copy of the loan agreement, as understood by the borrower along with a copy of all enclosures quoted in loan agreement to the borrowers at the time of sanction/disbursement of loan.

4.2.6 The Company shall provide a standardized Key Facts Statement (KFS) prior to execution of the loan agreement, containing APR, total cost of loan, recovery mechanism, cooling-off period (where applicable), penal charges and grievance redressal details.

4.2.7 The Annual Percentage Rate (APR) shall represent the all-inclusive cost of the loan including interest, processing fees, insurance charges (if any), and all other charges payable by the borrower.

4.2.8 For digital loans, the borrowers shall be provided a cooling-off/look-up period during which they may exit the loan by paying principal and proportionate APR without penalty.

#### 4.3 Disbursement of loans, including changes in terms and conditions

4.3.1 The disbursement of loans shall be made subject to completion of all pre-disbursement conditions and regulatory requirements. In case of digital lending, loan disbursement shall be made directly to the borrower's bank account without the use of pass-through or pool accounts, except as permitted by the RBI.

4.3.2 The company's staff explains to the customer the contents of the Loan agreements, Terms and conditions governing the loan in the language understood by the customer. Any change in the terms and conditions, including disbursement schedule, prepayment charges, interest rate and service charges etc. shall be effected only prospectively, and such changes will be informed individually to the borrowers in case of account-specific changes and in case of others by appropriate Public Notice/through website disclosure.

4.3.3 Consequent upon such changes, any supplemental deeds or documents or writings are required to be executed, and the same shall also be advised.

4.3.4 The Company shall give written receipt for all documents to title taken as security/collateral for any loan received from borrower.

#### 4.4 Post Disbursement Supervision

The decision to recall/ accelerate payment or performance under the agreement should be in consonance with the loan agreement and before taking such decision or seeking additional securities the company shall give reasonable notice to the customer.

#### 4.5 The changes in Fees and Other Charges, and other Terms and Conditions

4.5.1 Any change in interest rates and other charges will be notified to the customer before exposing the running facility to the revised rates.

4.5.2 Any changes to terms and conditions will be informed through appropriate channels.

4.5.3 The changes will be made with prospective effect after giving due notice.

#### 4.6 Closing of Account

4.6.1 The Company shall return all unrealised cheques, if any, received from customer after receiving outstanding balances from the borrower.

4.6.2 The Company shall return all the securities/documents/title deeds of the mortgaged property within 30 days of the repayment of all dues agreed to or contracted 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 the borrower. If any right to set off is to be exercised for any other claim, we will give due notice with full particulars about the claims and retain the securities/documents/title to mortgaged property till the relevant claim is settled/paid.

4.6.3 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-obligants.

## **5. RESPONSIBLE LENDING CONDUCT – RELEASE OF MOVABLE/IMMOVABLE PROPERTY DOCUMENTS ON REPAYMENT/ SETTLEMENT OF LOANS**

The Company shall adopt best practices in release of movable/ immovable property documents upon receiving full repayment and closure of loan account to avoid customer grievances and disputes in future. To address the issues faced by the borrowers and towards promoting responsible lending, the following instructions are issued:

5.1 Release of movable/immovable property documents:

5.1.1 As stated above, the Company shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days from date of full repayment/settlement of the loan account.

5.1.2 The borrower shall be given the option of collecting the original movable/ immovable property documents either from the Company's branch where the loan account was serviced or any other office of the Company where the documents are available, as per her/his preference.

5.1.3 The timeline and place of return of original movable/immovable property documents shall be mentioned in the loan sanction letters issued on or after the effective date of the said circular.

5.1.4 In order to address the contingent event of demise of the sole borrower or joint borrowers, the Company shall follow a laid out procedure for return of original movable/immovable property documents to the legal heirs. Such procedure shall be displayed on the website of the Company along with other similar policies and procedures for customer information.

5.2 The compensation for delay in the release of movable/immovable property documents:

5.2.1 In case of delay in release of original movable/immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days from date of 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, it shall compensate the

borrower at the rate of Rs 5,000/- for each day of delay, in accordance with RBI directions as amended from time to time.

5.2.2 In case of loss/damage to original movable/immovable property documents, either in part or in full, the Company shall assist the borrower in obtaining duplicate/certified copies of the movable/immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at 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).

5.2.3 The compensation provided under these directions be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

## 6. RECOVERY & REPOSSESSION OF HYPOTHECATED VEHICLES/ASSETS

6.1 Repossession shall be undertaken strictly in accordance with law and due process. The Company may take possession of the Hypothecated/Vehicle Assets financed by the Company ("Hypothecated Asset") by giving 7 days prior notice to the Borrower in case of default, to clear the dues or hand over the possession of such Hypothecated Asset. Such notice need not be given in the following circumstances:

6.1.1 When the borrower has expressed his willingness to surrender the possession of the Hypothecated Asset voluntarily.

6.1.2 When the Borrower absconded with a view to prevent the recovery of the dues from him.

6.1.3 When the asset remains abandoned by the Borrower for any reason.

6.1.4 On such other conditions as mentioned in the loan agreement executed between the Company and the Borrower.

6.2 The procedure for taking repossession of the Hypothecated Asset:

6.2.1 By asking the Borrower personally to surrender the Hypothecated Asset at a place convenient to the Company or seizing the Hypothecated Asset at the residence or at the place the Hypothecated Asset is available.

6.2.2 When a Borrower fails to follow the demand made in the above referred notice, the Company may approach appropriate forum for an order enabling it to take possession of the Hypothecated Asset by suitable ways either by way of a commissioner or receiver.

6.2.3 By compelling the Borrower to hand over possession through the authorities so as to prevent the use of the Asset by the Borrower.

6.2.4 Clause "6.2.2 & 6.2.3" are not applicable when the Borrower surrenders the Hypothecated Asset voluntarily.

6.2.5 Before and after taking repossession of the hypothecated Asset, appropriate intimation to competent authority(ies) shall be given, if required under any applicable law.

6.3 Provision regarding final chance to be given to the Borrower for repayment of the loan before the sale/auction of the Security:

6.3.1 The Company is entitled to enforce the assets, the possession of which is obtained in any of the ways stated above or otherwise, in connection with the default, in the way convenient to the Company and in accordance with the applicable law and appropriate the proceeds thereof towards repayment/dues from the Borrower, when the Borrower and Guarantor fail to follow the notice for repayment of the dues within 7 days in any of the modes of service of such notice at the convenience of the lender, as a final chance to avoid the transfer under this clause. This right to transfer does not take away the sole discretion of the Company to return the possession of the Asset in appropriate cases.

6.3.2 If such sale proceeds are insufficient to discharge the entire dues, lender shall move further against the Borrower and/or Guarantor, and if the sale proceeds exceed the dues, the balance will be paid to the Borrower. However, the above entitlement is no bar from the lender to proceed against the Borrower and /or Guarantor directly, sparing the proceedings against the security.

6.3.3 The Company is entitled to recover all types of expenses on full indemnity basis, incurred by or on behalf of the lender in ascertaining the whereabouts of the Security, taking possession, parking charges, insurance charges, transporting and selling the security and also for other legal steps in connection with this agreement from the borrower.

6.4 The loan agreement of the Company contains necessary repossession clauses relevant details there of as prescribed by the RBI from time to time.

## 7 REGULATION OF INTEREST TO BE CHARGED FROM THE BORROWER

7.1 The Company will adopt an interest rate model / policy taking into account relevant factors such as, the cost of funds, margin and risk premium, credit risk, tenor risk, operating costs and

any other relevant factors and determine the rate of interest to be charged for facilities and advances.

7.2 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 also be disclosed to the borrower or customer in the loan application form and other relevant documents such as Key Facts Statement, loan agreements and shall also be communicated explicitly in the sanction letter. It shall also be made available on the website of the company.

7.3 In the case of instalments at flat rate of interest, the calculation of instalments is done at the time of booking of loan case and the flat interest after merging in instalment part takes the character of principal and no further interest can be applied. In the circumstances, the only way to recover the loss to the company for the delay in instalments is levying late fees. When late fees is charged no interest is recovered for the period of default.

7.4 The rate of interest shall be disclosed as an annualised percentage rate (APR) so that the borrower is aware of the exact rate and cost of borrowing applicable.

7.5 Penal Charges- 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 loan account.

7.6 The Company shall not introduce any additional component to the rate of interest.

7.7 The Company shall ensure that all charges payable by the borrower, including interest, processing fees, service charges, insurance charges (if any), and penal charges are **clearly disclosed upfront in the Key Facts Statement (KFS) and loan agreement**. No hidden charges shall be levied.

7.8 The Company shall formulate a Board approved policy for penal charges. 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.

7.9 The quantum and reason for penal charges shall be clearly disclosed by the Company to the Borrower in loan agreement.

## 8 GENERAL

8.1 The company would refrain from interference in the affairs of the borrower except for what is provided in the terms and conditions of loan sanction documents (unless new information, not earlier disclosed by the borrower, has come to the notice of the company as lender). However,

this does not imply that company's right of recovery and enforcement of security under Law is affected by this commitment.

8.2 No discrimination on the grounds of gender, caste or religion in its lending policy and activity.

8.3 In all recovery proceedings Company would resort to the usual measures as per laid down guidelines and extant provisions, and would operate within the legal framework. Company does not resort to coercive measures (like persistently bothering at odd hours, use of muscle power, rude behaviour or harassment from any staff of the company) for recovery of loan.

8.3.1 All the members of the staff or any person authorized to represent our Company in collection or/and security repossession would follow the guidelines set out below:

8.3.1.1 The Borrower would be contacted ordinarily at the place of his/her business/occupation and if unavailable at the place of his/her business/occupation, at the place of his/her residence.

8.3.1.2 Identity and authority of persons authorized to represent the Company for follow up and recovery of dues would be made known to the borrowers at the first instance. The Company staff or any person authorized to represent the Company in collection of dues or/and security repossession will identify himself / herself and display the authority letter / ID Card issued by the Company upon request.

8.3.1.3 The Company would respect privacy of its borrowers.

8.3.1.4 The Company's representatives will contact the borrower between 08.00 hrs and 19.00 hrs, unless the special circumstance of his/her business or occupation requires the company to contact at a different time and so requested by the customer.

8.3.1.5 Borrower's request to avoid calls at a particular time or at a particular place would be honoured as far as possible.

8.3.1.6 The Company shall document the efforts made for the recovery of dues and the copies of communication sent to customers, if any, will be kept on record.

8.3.1.7 Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.

8.3.1.8 The Company shall provide necessary assistance to resolve disputes or differences regarding dues in a mutually acceptable and in an ordinary manner

8.4 Any Clarifications required by the borrowers shall be given on e-mail or other mode in order to ensure clarity and record.

8.5 In case of receipt of a request from the borrower for transfer of borrower account, the consent or otherwise i.e. objection of the Company, if any, be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.

8.6 The Company's staff shall be adequately trained (including not to behave rudely with the customers) to deal with the customers in a polite and professional manner.

8.7 A declaration that the Company will be accountable for preventing inappropriate staff behaviour and timely grievance redressal shall be made in the loan agreement and also in the Fair Practices Code displayed in Branches.

#### 8.8 CREDIT INFORMATION REPORTING :

The Company shall report borrower information to Credit Information Companies (CICs) in a timely and accurate manner.

Borrowers shall be informed of adverse reporting and consequences and provided a mechanism for correction of erroneous data within regulatory timelines.

8.9 Classification of borrower accounts including MSME accounts as SMA/NPA shall be done and be communicated in accordance with RBI IRAC norms.

## 9 RESPONSIBILITY OF BOARD OF DIRECTORS

The Board of Directors of the Company shall lay down the appropriate grievance redressal mechanism within the Company. Such a mechanism should ensure 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. The Board of Directors should also provide for periodical review of the compliance of the Fair Practices Code and the functioning and the functioning of the grievance redressal mechanism at various levels of management.

A consolidated compliance report on Fair Practices Code and grievance redressal mechanism shall be placed before the Board at least annually.

## 10 COMPLAINTS, GRIEVANCES AND FEEDBACK

### 10.1 Grievance Redressal Mechanism:-

10.1.1 The Company has laid down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism ensures that all disputes arising out of the decisions of the functionaries are heard and disposed of at least at the next higher level. The Company has also appointed the Internal Ombudsman who will review and give his/her decision on the complaints rejected / partially accepted by the Company before the decision is conveyed to the customer.

10.1.2 The Board shall periodically review the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management

10.1.3 Response to a complaint would be given within a maximum period of 30 days from the date of receipt of a complaint. If the complaint is not resolved within 30 days, the borrower may approach the RBI Ombudsman under RB-IOS 2021.

## 10.2 Grievance Redressal Officer (GRO)/ Principal Nodal Officer:

Name	Address	Contact No. and Email	
Mr. Anurag Sinha	CSC, Pocket 52, CR Park, Near Police Station, New Delhi- 110019	Mob. No.	9837727603
		Ph. No.	011-43518888
		Fax No.	011-43518816
		Email Id	anurag.sinha@paisalo.in

10.3 The Company shall display at all its branches / places where business is transacted the above details of Grievance Redressal Officer viz. contact details (Telephone / Mobile nos. as also email address) who can be approached by the public for resolution of complaints against the company.

10.4 If the complaint/dispute is not redressed within a period of 30 days, the customer may approach the Officer- in Charge as per the below mentioned contact details:- Officer-in-Charge of the Regional Office of Department of Supervision of Reserve Bank of India:

Officer & Designation	Address	Contact Details	
The Manager (Department of Non Banking Supervision), Reserve Bank of India	6, Sansad Marg, RBI Building, P.B. no. 123, New Delhi-110001	Phone No.	011- 23714456
		Fax No.	011- 23713672

10.5 The Company shall place on its website an annual disclosure of summary information on complaints received from customers and from the Offices of Ombudsman in the format prescribed by RBI.

10.6 The Fair Practices Code, Grievance Redressal Mechanism, and details of Principal Nodal Officer under RB-IOS shall be displayed prominently at all branches and on the Company's website.

## 11 INTEGRATED OMBUDSMAN SCHEME FOR NBFCs

The Company shall comply with the provisions of the Reserve Bank – Integrated Ombudsman Scheme, 2021 (RB-IOS, 2021), as amended from time to time.

If a complaint is not redressed within 30 days or the customer is not satisfied with the resolution, the customer may file a complaint under RB-IOIS, 2021 through the CMS portal (<https://cms.rbi.org.in>) or as prescribed by RBI.

The Company shall appoint and disclose a Principal Nodal Officer as required under the Scheme.

The company has already appointed a Principal Nodal Officer and also an Internal Ombudsman in terms of the RBI directions.

## 12 LOAN FACILITIES TO THE PHYSICALLY/VISUALLY CHALLENGED AND OTHER GUIDELINES:

12.1 The Company shall not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. All branches of the Company shall render all possible assistance to such persons for availing of the various business facilities. Further, the Company shall ensure redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism.

### 12.2 Responsibility for Outsourced Activities:

The Company shall remain fully responsible for all outsourced activities, if any, and shall ensure compliance with RBI guidelines on outsourcing.

All digital lending partners/LSPs engaged shall be disclosed on the Company's website.

Borrower data shall be collected only with explicit consent and used strictly for specified purposes.

### 12.3 Confidentiality and Data Security:

The Company shall ensure preservation and protection of customer information in custody or possession of service providers. Access shall be on a need-to-know basis.

The Company shall immediately notify the Reserve Bank / concerned regulatory authorities in the event of any breach of security or leakage of confidential customer information.

### 12.4 Outsourcing Agreements:

Outsourcing agreements shall contain clauses enabling:

Access by RBI to documents and records

RBI inspection of service providers

Confidentiality continuation post termination

Preservation of records as per regulatory requirements

12.5 Service providers shall maintain Business Continuity and Disaster Recovery Plans, and the Company shall periodically review the same.

12.6 In case loans are sourced or serviced through digital lending platforms or lending service providers(LSPs), the Company shall:

Issue sanction letters on its letterhead Ensure disclosure of all charges upfront

Display on its website the names of digital lending platforms engaged  
Remain responsible for grievance redressal.

### 13 REVIEW OF THE FAIR PRACTICES CODE

Code shall be reviewed by the Board of Directors from time to time and shall make such amendments as required pursuant to changes in regulatory provisions or operations of the Company as deemed fit by the Board of the Company.