

PAISALO
EASY LOAN आसान लोन

PAISALO DIGITAL LIMITED
Formerly Known as **S. E. Investments Limited**
Reg. Off.: CSC Pocket-52, CR Park
Near Police Station, New Delhi -110019
CIN: L65921DL1992PLC120483

FAIR PRACTICE CODE

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INTRODUCTION

This is a compulsory Code which sets minimum standards of business practices for the NBFC's to follow when they are dealing with customers. It provides protection to the customers and explains how NBFC's are 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) vide Circular issued on Fair Practices code for NBFCs read with Master Circular RBI/2015-16/16 DNBR (PD) CC No.054/03.10.119/2015-16 dated 1st July 2015 read with Chapter VI of the Master Direction DNBR PD.008/03.10.119/2016-17. has issued guidelines on Fair Practices Code for Non-Banking Financial Companies, prescribing broad guidelines on fair practices that are to be adopted and disseminated on the website of the Company for information of the public. In accordance with the broad guidelines prescribed by RBI and subsequently amended from time to time, Paisalo Digital Limited (Formerly Known as S.E Investments Limited) has framed its Fair Practices Code, the same has been amended/reviewed pursuant to the conversion from Deposit Accepting (Category A) to Non Deposit Accepting (Category B) NBFC on 8th day January' 2014.

1. OBJECTIVE

1.1 Objectives of Fair Practices Code

- To ensure transparency in the Company's dealings with its Customers
- To ensure compliance with legal norms in matters relating to recovery of advances
- To strengthen mechanisms for resolving the customer grievances.

1.2 Application of the Code

This Code applies to:-

- 1.2.1 i. Loan facility provided by our branches and HO.
ii. Safe Deposit Lockers (Vaults' Facility)
(Facility (ii) is provided at our Head Office only)

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 the services and products offered 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 vernacular language
- Ensuring that customers are given clear information about the products and services offered, the terms and conditions, interest rates/service charges
- Prompt resolution of customer's queries

3. TRANSPARENCY

The interest rates, fees and other charges, other legal and technical compliances to be undertaken while giving the loan and thereafter can be easily get from the Branch offices and also from H.O.

3.1 General Information

Prior to establishment of a customer relationship, we 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, by way of giving in-principal approval.
- Give information on customer's rights and responsibilities, especially, regarding availing of nomination facility offered on safe deposit vaults and other prerogatives.

3.2 Changes in Fees and Other Charges, and other Terms and Conditions

- Any change in interest rates and other charges will be notified to the customer before exposing the running facility to the revised rates.
- Any changes to terms and conditions will be informed through appropriate channels.
- Changes will be made with prospective effect after giving due notice.

4. LOAN PROCESSING

4.1 Applications for loans and their processing

- At the time of issuing application form for a loan proposal we 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 interest for delayed repayments, and any other matter which affects the interests of the borrower. The loan application form shall indicate the documents required to be submitted with the application form.

- Acknowledgement receipt of all facility applications to be issued instantly on receipt of duly authenticated applications.
- Loan applications will be disposed of within a reasonable period from the date of issuing acknowledgement of receipt of application.

4.2 Loan appraisal and terms/conditions

- Loan proposal will be appraised in accordance with company's prescribed risk assessment procedures, suitable securities condition will be stipulated accordingly based on such risk assessment and company's extant guidelines, without compromising on due diligence.
- Sanction letter or otherwise any such documents' detailing particulars of 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.
- Rejection of the proposal will be communicated with reasons within a reasonable time of login.
- The penal interest chargeable on delayed payments (for late payment) shall be communicated to the borrower by way of BOLD letters in the loan agreement.

4.3 Disbursement of loans, including changes in terms and conditions

- Disbursement of loans sanctioned is to be made immediately on execution of loan documents governing such sanction.
- Our BM/Loan sourcing person explains to the customer the contents of 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 Public Notice/through Print and or other Media from time to time.
- Consequent upon such changes any supplemental deeds documents or writings are required to be executed, the same shall also be advised.
- We will supply authenticated copies of all the loan documents executed by you along with a copy each of all enclosures quoted in the loan document.
- We will give written receipt for all documents to title taken as security/ collateral for any loan received from you.

4.4 Post Disbursement Supervision

- 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 would give reasonable notice to the customer.

4.5 Closing of Account

- We will return all unrealised cheques, if any, received from customer after receiving outstanding balances from the borrower.

- We will return all the securities / documents/title deeds to mortgaged property within 15 days of the repayment of all dues agreed to or contracted. 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.
- The company shall not charge foreclosure charges / pre-payment penalties on all floating rate term loans sanctioned to individual borrowers, with immediate effect.

5. GENERAL

- 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.
- No discrimination on the grounds of gender, caste or religion in its lending policy and activity.
- 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.
- Clarifications required by the borrowers are given on e-mail.
- In case of receipt of request from the borrower for transfer of borrow er account, the consent or otherwise i.e. objection of the NBFC, if any, should 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.
- 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.
- A declaration that the Company will be accountable for preventing in appropriate staff behaviour and timely grievance redressal shall be made in the loan agreement and also in the Fair Practices code displayed in Branches.

6. COMPLAINTS, GRIEVANCES AND FEEDBACK

Grievance Redressal Mechanism:-

- 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 Board shall periodically review the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management
- Response to a complaint would be given within a maximum period of one month from the date of complaint, unless the nature of complaint requires verification of voluminous facts and figures.
 - **Details of Branch Heads:**
Details of Branch Heads of the Company is given in the Annexure 1, annexed to this code as an integral part.

➤ **Grievance Redressal Officer (GRO):**

Name	Address	Contact No. and Email	
		Mr. Anurag Sinha	CSC, Pocket 52, CR Park, Near Police Station, New Delhi-110019
		Ph. No.	01143518888
		Fax No.	01143518816
		Email Id	anurag.sinha@paisalo.in

- 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.
- If the complaint/dispute is not redressed within a period of one month, the customer may appeal to the Officer- in Charge as per the below mentioned contact details:-

➤ **Officer-in-Charge of the Regional Office of DNBS of RBI:**

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
		Telex No.	031-66361

7. REGULATION OF INTEREST TO BE CHARGED FROM THE BORROWER

- The Company has laid out appropriate internal principles and procedures in determining interest rates and processing and other charges.
- The Company has adopted an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc and determined the rate of interest to be charged for facilities and advances. 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 shall also communicated explicitly in the sanction letter. It shall also be made available on the web-site of the company or published in the relevant newspapers. The information published in the website or otherwise published should be regularly updated whenever there is a change in the rates of interest.
- However, the penal charges rate is fixed at 3% pm compounded monthly (previous Rs. 2 per day per thousand or such higher rate as may be specified by the company due to various circumstances stands revised) in respect of the period for which the amount remains overdue. This rate is applicable in respect of each and every loan account until and unless specifically mentioned therein. It is pertinent to mention that normal interest is not chargeable on overdue amount for the defaulted period, when the penal charges are applicable.
- In the case of installments 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 installments is levying late fees. When late fees is charged no interest is recovered for the period of default.

- In case of fixed period lump sum repayable loans the interest rate is settled and charged as per agreed terms, however, here also when late fees is applied due to delay or default, only late fees is applied / recovered and interest is not applied/recovered for the default period.
- Internal Credit Rating Model has been adopted for gradation of risks which is considered to determine the rates of interest.
- The rate of interest to be charged to the account will also be mentioned in annualized form.

8. REPOSSESSION OF VEHICLES :

- i) The Company has built-in repossession clause in the loan agreement with the borrower which is legally enforceable. To ensure transparency, the loan agreement contains the terms and conditions regarding notice period before taking possession of the asset. The Company has the right to take possession of the Assets financed by giving 7 days notice to the Borrower in case of default, to clear the dues or hand over possession of the Asset. Such notice need not be given in the following circumstances:
 - a. When the borrower has expressed his willingness to surrender the possession of the Asset voluntarily.
 - b. When the Borrower absconded with a view to prevent the recovery of the dues from him.
 - c. When the asset remains abandoned by the Borrower for any reason.
 - d. On such other conditions as mentioned in the loan agreement executed between the Company and the Borrower.
- ii) The procedure for taking possession of the Security:
 - a. By asking the Borrower personally to surrender the vehicle at a place convenient to the lender or seizing the vehicle at the residence or at the place the vehicle is available.
 - b. When Borrower fails to follow the demand made in the above referred notice, the lender may approach appropriate forum for an order enabling it to take possession of the assets by suitable ways either by way of a commissioner or receiver.
 - c. By compelling the Borrower to hand over possession through the authorities so as to prevent the use of the Asset by the Borrower.

Clause “b & c” are not applicable when the Borrower surrenders the vehicle voluntarily.

- iii) Provision regarding final chance to be given to the Borrower for repayment of the loan before the sale/auction of the Security:
 - a. The lender is entitled to transfer in any form like sale, rental and conversion for own use etc., 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 appropriate the proceeds thereof towards repayment/dues from the Borrower, when the Borrower and Guarantor fails 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.
- b. 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.
 - c. The lender 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.

The loan agreement of the Company contains necessary repossession clauses relevant details there of as prescribed by RBI from time to time. A copy of loan agreement with all its enclosures containing all terms and conditions will be provided to the Borrower.

This Code will be reviewed by Board of Directors from time to time, review will be undertaken and updated in a transparent manner.