

FAIR PRACTICES CODE

DSP FINANCE PRIVATE LIMITED

Version	Description	Prepared By	Approved By
1.0	Policy Formation	Priya Ranjit	Board of Directors on March 07, 2024
1.1	Annual Review	Sahib Pahwa	Board of Directors on August 19, 2025
1.2	Amendment	Sahib Pahwa	Board of Directors on February 12, 2026

1. Background

The Reserve Bank of India (“**RBI**”) vide Master Direction – Reserve Bank of India (Non-Banking Financial Company – Responsible Business Conduct) Directions, 2025 (DoR.MSC.REC.No.281/01-01-039/2025-26) dated November 28, 2025 and as updated from time to time (“**RBC Directions**”) has prescribed the broad guidelines on fair practices that are to be framed and approved by the Board of Directors of all Non-Banking Financial Companies (“**NBFCs**”).

As a result, DSP Finance Private Limited (“**DSP Finance or Company**”) has framed the comprehensive Fair Practice Code (“**FPC**”) aimed at providing to all its stakeholders, especially the customers, an overview of practices followed by the Company in respect of the financial facilities and services offered to its customers.

The Company shall conduct the business in accordance with the prevailing statutory and regulatory requirements, with due focus on efficiency, customer-orientation and corporate governance principles and will ensure that the loan application process will be as hassle free as possible.

2. Scope and Applicability

This Code applies to all digital/non-digital loans offered by the Company, whether originated directly or through Lending Service Providers (“**LSPs**”) and platforms such as Digital Lending Applications (“**DLA**”). It includes short-term and long-term retail and corporate loans, unsecured or secured digital loans and any future credit products offered by the Company. The Code covers each stage of the lending lifecycle from product design, marketing, loan application, credit assessment, loan disbursal, repayment monitoring, and recovery to loan closure.

3. Guiding Principles & Objectives

This FPC reflects the Company's commitment to responsible lending, customer-centric practices, and robust governance in the digital lending ecosystem. It establishes a comprehensive framework to ensure that borrowers are treated fairly, informed transparently, and protected throughout the loan lifecycle. The Board of Directors, the management team and the employees/representatives of the Company are responsible for implementing the FPC.

The primary objectives of the FPC are:

- To promote fair and transparent practices in digital lending operations.
- To prevent unfair business conduct and discrimination among customers.
- To foster a culture of informed decision-making by providing complete and accurate disclosures.
- To ensure customer protection through data privacy, grievance redressal, and regulatory compliance.
- To uphold ethical standards in dealings with borrowers, LSPs, and outsourced agents.

4. Key Commitments

The Company shall act efficiently, fairly and diligently in its dealings with the customers by:

- Meeting commitments and standards specified in the FPC, for the products and services which the Company offers and the process and practices followed by the staff.
- Ensuring that the financial products and services are in accordance with the applicable rules and regulations.
- Providing professional services and accurate and timely information such as terms and conditions, costs, rights, implications, etc. of the financial products and services.
- Helping the customer understand the financial products and services that the Company offers in English/ Hindi/ or local vernacular language as understood by the customer/ borrower as also ensuring that the advertisements and promotional literature is not misleading.
- The Company will not discriminate between its customers based on their gender, disability, race or religion, etc.

5. Loan Origination and Sourcing

The Company will guide its customers in choosing products and services which meet his/ her requirements as mentioned below:

- The Company shall proactively educate customers about their rights and responsibilities in relation to all digital lending/non digital lending products and services. This includes providing user-friendly materials, FAQs, and customer care support.
- Borrowers shall be provided with clear, concise, and product-specific information at the outset, including key features, applicable charges, repayment terms, and access channels.
- Customers will be informed about the documentation and data required to comply with Know Your Customer (“KYC”) norms and regulatory mandates. This includes the purpose, method, and duration of data storage and processing.
- All digital lending platforms, whether owned by the Company or operated by LSPs, shall clearly and prominently display the Company’s identity as the Regulated Entity (RE) responsible for the loan.
- Borrowers shall receive standardised, pre-contractual disclosures, including the Key Fact Statement (“KFS”), in a prescribed format before the execution of any loan agreement.
- Before entering into any LSP Outsourcing arrangement, the Company shall conduct due diligence of its LSPs, including checks on data security, conduct standards, technical capabilities, and grievance redressal alignment, etc.
- All advertisements, product promotions, and servicing communications created or distributed/communicated by LSPs must be pre-approved by the Company to ensure full compliance with Fair Practices Code and applicable regulations.
- In the event that a loan is co-lent with eligible REs, the Company shall act as the servicing partner for such loans. The details of the co-lender shall be disclosed to the customer during the onboarding journey and reflected in the KFS and the loan agreement.

6. Know Your Customer (KYC) and Customer Due Diligence

- The Company shall follow RBI’s KYC Master Directions including guidelines specific to digital onboarding, V-CIP, face-to-face and non-face-to-face account opening.
- E-KYC and Video KYC, if used, shall also adhere to Aadhaar regulations and UIDAI authentication protocols.
- The Company shall share the KYC details of the respective customers with the co-lender.

7. Loan Processing, Disclosures, and Documentation

- This FPC shall be applicable to all current and future loan products offered by the Company, regardless of the delivery channel—whether through the Company’s website, mobile application, physical offices, or through LSPs/DLA’s.
- The Company shall ensure that loan application forms and all key communications, including those concerning changes in terms and conditions, are available in English or Hindi or the borrower’s local vernacular language to ensure full understanding.
- Loan applications shall contain comprehensive information on the applicable terms and conditions, repayment structures, interest rates, fees, prepayment options, and borrower obligations, enabling a meaningful comparison with offerings from other NBFCs. Customers shall be empowered to make informed borrowing decisions.
- An acknowledgement shall be issued for each loan application received, and the Company shall strive to process all applications within a reasonable and defined turnaround time.
- The application form shall clearly outline the documents required for loan processing and KYC compliance. Any additional information or documentation required shall be promptly communicated to the applicant.

- Upon approval, the Company shall provide the borrower with a digitally signed sanction letter, loan agreement, and KFS in a durable electronic format. These documents will clearly articulate all financial terms and borrower obligations.
- The **Annual Percentage Rate (“APR”)**—which reflects the total cost of borrowing on an annualized basis shall be prominently disclosed in the customer onboarding journey (digital journey) and KFS along with all applicable charges, fees, and interest components.
- A cooling-off period of at least **three (3) calendar days** shall be provided from the date of execution of the loan agreement, during which the borrower may cancel the loan without incurring any charges, provided the funds are not yet disbursed. Where the customer elects to exit the loan during the cooling-off period, the Company shall be entitled to retain the processing fee charged to the customer. Any such retention of the processing fee shall be expressly and adequately disclosed in the KFS.
- All loan agreements shall be written in a language clearly understood by the borrower, and shall be free from any hidden clauses, ambiguous provisions, or deceptive representations.

8. Loan appraisal and terms/conditions

- The Company shall carry out a thorough credit appraisal of each loan application, based on objective and non-discriminatory parameters.
- Upon approval or rejection of a loan, the borrower shall be promptly informed through a digitally signed or any other form of communication. If approved, a detailed Sanction Letter shall be issued, outlining the sanctioned loan amount, applicable interest rate (annualised), repayment schedule, processing and other charges, penal charges, tenure, method of interest computation, and any applicable prepayment or foreclosure terms.
- The borrower’s acceptance of the sanction terms shall be obtained through a secure digital signature or other RBI-compliant form of electronic authentication. Any modifications to the terms, including during renewals or restructurings, shall be similarly documented and acknowledged by the borrower.
- The Company shall furnish a complete copy of the loan agreement, along with all annexures, schedules, consents, declarations, and product-related documents to the borrower before or at the time of disbursal. These documents shall be shared in a machine-readable durable format (PDF). In case of co-lent loans, all the customer communications including KFS, Sanction Letter, Agreement etc. shall be on the letterhead of the Company and the Co-lender.
- The loan agreement of the Co-lent loans, shall make an upfront disclosure regarding the roles and responsibilities of the Company and the Co-lender.
- All loan-related documentation and customer communications shall be drafted in simple and transparent language. Where the use of legal or technical terms is unavoidable, clear explanations shall be provided. All documents shall be provided in the borrower’s preferred language (English or Hindi, or local vernacular).
- For secured loans, the Company shall include a legally enforceable repossession clause in the loan agreement, outlining the borrower’s and the Company’s respective rights and responsibilities in the event of default.
- Where repossession rights apply, the loan agreement shall contain detailed provisions regarding:
 - Minimum notice period to the borrower before initiating recovery
 - Conditions under which notice may be waived (e.g., fraud or wilful default)
 - Steps and documentation involved in repossessing the secured asset
 - A final notice opportunity for the borrower to regularize the loan prior to enforcement
 - Custody, return, or transfer of repossessed assets or related documents
 - Transparent process for sale or auction of repossessed assets and application of proceeds, as applicable.
- In accordance with the RBI guidelines on Penal Charges, no penal interest shall be charged. Instead, the Company may levy penal charges as fixed monetary amounts for material non-compliance, such as overdue repayments. These charges shall:
 - Be disclosed in advance in the loan agreement and KFS
 - Be prominently highlighted in bold font
 - Not be capitalised or subject to further interest
 - Be reasonable, proportionate, and uniformly applied across similar borrower categories

9. Disbursement of loans including changes in terms and conditions

- The disbursement of loans shall be made only upon full execution of the loan agreement and completion of all pre-disbursal formalities, including but not limited to KYC compliance, sanction letter acceptance, documentation execution, and borrower authentication through a valid digital mechanism.
- Loan disbursements shall be made directly into the borrower's bank account as per the RBI(Non-Banking Financial Companies – Credit Facilities) Directions, 2025 ("Credit Facilities Directions"). Under no circumstances shall disbursement be routed through third-party accounts, including those of Lending Service Providers (LSPs).
- Loan disbursements and Loan Repayments of a co-lent loan shall be made directly into the borrower's bank account and the repayments escrow account, respectively.
- A digitally signed copy of the loan agreement, KFS, sanction letter, and repayment schedule shall be provided to the borrower at the time of or prior to disbursal, in a machine-readable and durable format (e.g., PDF).
- The Company shall clearly disclose the date of disbursal and the start of the repayment schedule. In the case of delayed disbursal beyond the expected disbursal date, the borrower shall be informed along with reasons and a revised schedule.
- Any change in the terms and conditions of the loan (including but not limited to interest rate reset, charges, repayment frequency, tenure, or recovery mechanism) shall be:
 - Communicated to the borrower through a digital durable medium (email, SMS, dashboard)
 - Reflected in an addendum or revised sanction letter/agreement, acknowledged digitally by the borrower
- Implemented only on a prospective basis, unless mandated otherwise by regulation
- The borrower shall not be charged any fee or penalty for refusing to accept changes to terms unless such change arises due to regulatory or legal requirements.
- If the borrower does not agree to material changes in terms, the borrower shall be provided with an option to exit the facility, along with details of any outstanding liabilities or prepayment obligations as applicable.
- All modifications shall comply with internal delegation and approval protocols and shall be clearly documented in the Company's systems, with audit trails retained.

10. Post Disbursal

- The Company shall monitor loan accounts on an ongoing basis to ensure adherence to repayment schedules, compliance with agreed terms, and fulfilment of financial and non-financial covenants (where applicable). For digital lending products, automated systems shall be deployed to track repayment behaviour and issue proactive alerts in the event of any delays or deviations.
- Borrowers shall receive timely notifications via SMS, email, in-app messages, or other agreed digital channels regarding upcoming EMI due dates, missed payments, or any changes in the repayment plan. Such communications shall be made in accordance with RBI's guidelines.
- In the event of delayed repayment or default, the Company shall issue digital payment reminders that clearly specify the overdue amount, the due date, and any applicable penal charges (if already disclosed in the KFS and loan agreement). Recovery or collection actions shall remain professional, respectful, and compliant with RBI-mandated standards for fair conduct.
- The Company shall not permit or engage in any form of coercion or harassment for loan recovery. This includes but is not limited to repeated calling at odd hours, use of abusive or threatening language, or engagement of unauthorised third parties. All Company representatives and outsourced recovery agents shall undergo training in responsible conduct and shall be monitored periodically for compliance.
- The decision to recall, accelerate, or enforce repayment of any outstanding dues shall be strictly in accordance with the terms and conditions of the executed loan agreement. Such actions shall be supported by documented rationale and approved as per the internal credit risk governance framework.
- Upon full repayment of the principal loan amount and all associated dues, the Company shall issue a Loan Closure Confirmation to the borrower in a digital form. This communication shall include a No Dues Certificate (NDC), summary of payments made, and an explicit confirmation that the account stands closed.
- In case of secured loans, the Company shall release all original movable or immovable property documents and complete lien removal formalities (e.g., through CERSAI, NSDL, CDSL, KFinTech, CAMS,

MFCentral or relevant authority) within 30 calendar days from the date of full and final settlement of all dues and closure of loan account, as prescribed by RBI. In cases where the Company has a right of set-off against other legitimate claims, the borrower shall be notified in writing with full particulars and legal justification before any retention of security.

- In the event of the death of the sole or joint borrower, the Company shall process document release or account closure in accordance with relevant SOPs for settlement with legal heirs or nominees.
- The Company shall maintain digital records of all disbursed loans, borrower communications, repayment transactions, complaints, recoveries, and closures. The Company shall maintain digital records of all customers related information/communication in accordance with relevant guidelines.

11. Interest and Charges

- The Company shall follow a transparent, fair, and Board-approved framework for determining interest rates and associated charges on all loan products. This framework ensures that pricing is not excessive, discriminatory, or arbitrary and is consistently applied in accordance with risk and market dynamics. All applicable interest rates and charges shall be communicated clearly and disclosed upfront in the Sanction Letter, Loan Agreement, and Key Fact Statement (“KFS”), prior to disbursal.
- The Company adopts a risk-based pricing model that considers a combination of the factors. The details of the same have been provided in the Internal Benchmark Lending Rate Policy (“IBLR”) read with Interest Rate Policy
- In case of co-lent loans, the final interest rate charged to the borrower shall be the blended interest rate i.e. calculated as an average rate of interest derived from the interest rate charged by the Company and the Co-lender weighted by the proportionate funding share of the Company and the RE under the Co-lending arrangement.
- The interest rate, wherever applicable, shall be communicated as the Annualised Percentage Rate (“APR”) in line with RBI’s RBC Directions. APR will capture the overall cost of borrowing, inclusive of the base rate and all fees and charges (excluding penal charges), thus enabling transparent comparison and informed decision-making.
- Loans may be offered at either fixed or floating interest rates. In the case of floating-rate loans, the benchmark rate (IBLR), spread, and reset frequency shall be clearly defined in the facility letter or loan agreement. Interest resets shall occur as per the pre-agreed frequency and shall be communicated to the borrower in advance, through a durable digital medium (e.g., email, dashboard, app notification).
- In accordance with the RBC Directions, no prepayment or foreclosure charges shall be levied on floating-rate individual loans for all loans originated post January 01, 2026. In the case of fixed-rate loans or corporate lending, prepayment charges may be levied based on mutual agreement at the time of loan execution and shall be explicitly mentioned in the sanction letter and loan agreement.
- The Company shall not levy penal interest on any overdue loan. Instead, it may impose penal charges in accordance with the RBC Directions. Such charges:
 - Shall be fixed, reasonable, and proportionate
 - Shall not be capitalised or charged interest-upon-interest
 - Shall be disclosed clearly and prominently in the loan agreement and KFS
 - Shall be applied uniformly across similar borrower profiles for identical defaults
- Interest rates for the same product may vary across borrowers due to differing credit profiles, risk premiums, tenures, sourcing channels or security arrangements. In the case of staggered disbursements or drawdowns, the interest rate applicable to each tranche may be determined based on prevailing pricing at the time of each disbursement.
- The Company’s pricing methodology, including interest rate gradation, risk-based differentiation, prepayment clauses, and penal charge structure, shall be disclosed publicly on its website. The site shall be updated promptly in case of any material revisions. Any change in terms that impacts existing borrowers shall be communicated in advance in a durable and accessible format.
- To ensure consistency and fairness, the Board of Directors shall review and approve the Interest Rate Policy annually. This shall include the methodology for pricing, interest reset mechanisms, and all categories of charges applicable to different borrower segments.

12. Responsible Lending Conduct – Release of Movable/ Immovable Property Documents on Repayment/ Settlement of Personal Loans

- The Company will release all the original movable/immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account.
- The customer can collect the original movable/immovable property documents from the corporate office of the Company situated in Mumbai/Delhi or any other office of the Company where the documents are available, as per the customer's preference.
- The timeline and place of return of original movable/ immovable property documents shall be mentioned in the loan sanction letters.
- In case of demise of the sole customer or joint customers, the Company has laid down an SOP defining the process to be followed by the relatives or legal heirs of the deceased for the closure of loan and release of securities pledged in favour of Company by the retail borrower.
- The timeline for release of movable/ immovable property documents shall be in accordance with applicable regulations.
- Compensation for delays in releasing or loss of movable/immovable property documents, etc. shall be paid by the Company to the borrower as per the applicable regulations.

13. Loan sourced from Digital Lending Platforms

- The names of digital lending platforms engaged as sourcing agents (referred to as agents, hereinafter) shall be disclosed on the website of the Company.
- Digital lending platforms engaged as agents shall be directed to disclose upfront to the customer the Company's name.
- Immediately after sanction but before execution of the loan agreement, the sanction letter shall be issued to the customer on the letter head of the Company.
- A copy of the loan agreement along with a copy of each of all enclosures quoted in the loan agreement shall be furnished to all customers at the time of sanction/ disbursement of loans.
- Effective oversight and monitoring shall be ensured over the digital lending platforms engaged by the Company.
- Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.
- The Company shall abide by the Credit Facilities Directions, issued by the RBI, as amended from time to time.

14. General

- The Company shall not interfere in the affairs of the borrower except for the purposes provided in the Loan Agreement unless new information not earlier disclosed by the borrower has come to the notice of the Company.
- The Company may arrange for enforcing security charges to it of the delinquent borrower, if required, with an aim only to recover dues, cost and expenses of such enforcement action.
- The Company shall ensure that the entire process of enforcing its security, valuation and realization thereof be fair and transparent.
- In case of retail loans through digital channels, the Company shall duly convey the rejection reason to the customer.
- The Company would not resort to undue harassment with respect to field collections/ matter of recovery of loans, such as persistently bothering the borrowers at odd hours (before 8:00 a.m. and after 7:00 p.m.), use of muscle power for recovery of loans, etc.
- The Company should ensure that its staff or any person authorized to represent the Company is adequately trained to deal with customers in an appropriate manner. All the members of the staff or any person authorized to represent the Company ("**Representatives**") in collection or/ and security repossession with respect to the loans extended by the Company shall strictly follow the fair practices set out below:
 - a) The Representatives shall contact the customer ordinarily at the place of their choice and in the absence of any specified place at the place of their residence and if unavailable at their residence, at the place of business/ occupation.

- b) The Representatives shall interact with the customer in a civil manner. Utmost care shall be taken in the use of language while interacting, so that at any point of time the customer should not experience any uncourteous treatment.
 - c) Customers' request to avoid calls at a particular time or at a particular place shall be honored as far as possible.
 - d) Time and number of calls and contents of conversation shall be documented.
 - e) All necessary assistance shall be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
 - f) During visits to customer's place for dues collection, the Representatives shall maintain decency and decorum.
 - g) Inappropriate occasions such as bereavement in the family or such other calamitous occasions, if comes to the knowledge the Company, shall be avoided for making calls/visits to collect dues unless the same is required for meeting legal compliance.
- As a measure of customer protection and to bring in uniformity about prepayment of various loans by borrowers, 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).
 - The Company will ensure that all the promotional advertisements and any other advertisement materials provided by the Company with respect to its products and services are clear and not misleading. The advertisement would be addressed to the intended public through appropriate media. The terms and conditions of any products or services being offered would be made clear in the advertisement.
 - The Company will ensure compliance with respect to provisions prescribed by the RBI with respect to the reset of floating interest rate on equated monthly instalments (EMI) based personal loans and all EMI loans when such business is commenced.

15. Confidentiality

- Unless authorized by the customer the Company will treat all personal information as private and confidential; this shall even apply after the repayment of all money due to the Company from the customer.
- The Company can reveal transaction details to any other entity including within the group other than in the following exceptional cases:
 - If information is required to be provided under applicable laws to the statutory or regulatory authorities.
 - If the Company has entered an outsourcing arrangement as per RBI (Non-Banking Financial Companies – Managing Risks in Outsourcing) Directions, 2025, and is providing information to the service provider on a 'need to know' basis in accordance with the said provisions.
 - If there is a duty to the public to reveal this information.
 - If information is required to be provided to safeguard the interest of the Company (e.g. fraud prevention). However, the Company will not use this reason for giving information about customers to anyone else (including group companies) for marketing purposes.
 - Customer Information, if any provided to the Company's group/ associate entities for offering other products or services to the customers, shall be done only with the prior permission of the customer.
 - Where the customer asks the Company to reveal such information to our group/ associate/ entities or companies for providing other services or products.
 - The Company will not use customers' personal information for marketing purposes unless the customer specifically authorizes the Company to do so.
 - The Company may give the information about the conduct of the customer's account to the credit information companies after intimating the same to the customers.
- The Company will give the information about the conduct of the customer's account to the credit information company as per RBI (Non-Banking Financial Companies – Credit Information Reporting) Directions, 2025.
- The Company shall send an alert through SMS/ email to customers while submitting information to Credit Information Companies ("CIC") regarding defaults/ days past due in existing credit facilities.

16. Responsibility of Board of Directors

The Board of Directors ("**Board**") of Company has laid down appropriate grievance redressal mechanism within the organization. Such mechanism would ensure that all disputes arising out of the decisions of Company's functionaries are heard and disposed of at least at the next higher level.

Review of the compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism shall be carried out by the Company at regular intervals and the report on such reviews shall be submitted to the Board on a quarterly basis.

17. Customer Grievances and procedures

The Chief Compliance Officer ("**CCO**") will be designated as the Chief Grievance Redressal Officer ("**CGRO**") who shall address all the grievances of customers periodically by looking into the grievances and shall provide the solutions in respect of the grievances of the customers to their satisfaction.

The Company's policy and procedure for redressal of customer complaints/grievances has been separately set out in the Company's "**Customer Grievance Redressal Policy**" which may be accessed on the website of the company.

18. Integrated Ombudsman Scheme, 2021

Under the Reserve Bank – Integrated Ombudsman Scheme, 2021, the details of the Principal Nodal Officer as may be appointed by the Board shall be made available on the website of the Company.

19. Review

This FPC as approved by the Board of Directors of the Company shall be reviewed annually or as and when there is a regulatory amendment.