

AXIS FINANCE LTD (AFL)

FAIR PRACTICES CODE

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Document Name	Fair Practices Code
Document Classification	Internal
Applicable	AFL Employees
Responsible Department	Compliance

The Reserve Bank of India (RBI) vide Chapter VII of its Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 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.

Axis Finance Ltd. ("the Company/AFL") hereby furnishes the Fair Practices Code ("the FPC") based on the guidelines issued by RBI. The Company shall also make appropriate modifications in the FPC from time to time to confirm to the standards that may be prescribed by RBI from time to time. The following shall be the Fair Practices Code for the Company's lending activities.

This sets the minimum Fair Practice standards for the Company to follow when dealing with customers. It provides information to customers and explains how the Company is expected to deal with them on a day-to-day basis.

Objective of the Code

The code has been developed with an objective of:

- Ensuring fair practices while dealing with customers
- Greater transparency enabling customers in having a better understanding of the product and taking informed decisions
- Building customer confidence in the company

(i) Applications for Loans and their processing

- a. We shall furnish all communications to the borrower in English. If customer does not understand English, we shall explain the same in vernacular language as understood by the borrower.
- b. The Loan Application Form will include all information that is required to be submitted by the Borrower. Necessary information will be provided by AFL to facilitate the Borrower in making a meaningful comparison with similar terms and conditions offered by other Non-Banking Finance Companies (NBFCs) and taking an informed decision based on the aforesaid comparison.
- c. The Loan Application Form may also indicate the list of documents required to be submitted by the Customer along with the Loan application form.
- d. AFL has a mechanism of giving an acknowledgement for receipt of Loan application from to its Borrower for availing loans. AFL would inform the Borrower about its decision within reasonable period of time from the date of receipt of all the required information in full.

(ii) Loan appraisal and terms/ conditions

AFL shall convey in writing to the Borrower by way of a sanction letter or otherwise, the amount of limit sanctioned along with all the terms and conditions including annualized rate of discount/ interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on AFL's record. Any clause relating to -penalty charged for late repayment will be specified in bold in Loan agreement. AFL at the time of sanction / disbursements of loans will furnish a copy of loan agreement along with a copy each of all enclosures quoted in the loan agreement to the borrower.

(iii) Penal Charges in loan accounts

- 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 procedures for compounding of interest in the loan account.
- AFL shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.
- AFL has formulated a Board approved policy on penal charges.
- The quantum of penal charges to 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.
- The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', not to be higher than the penal charges to non-individual borrowers for similar non-compliance of material terms and conditions.
- The quantum and reason for penal charges shall be clearly disclosed by AFL to the customers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) as, in addition to being displayed on websites of AFL under Interest rates and Service Charges.
- Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the penal charges to be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

(iv) Disbursement of loans including changes in terms and conditions

- Through its published website or as appropriate if specific to a customer, AFL will give Notice to all its Borrowers, of any change in the terms and conditions of sanction including disbursement schedule, interest rate, service charges, prepayment charges etc, AFL will also ensure that changes in discount/ interest rates and charges are effected only prospectively. A suitable condition in this regard shall be incorporated in the loan agreement.
- Decision to recall/ accelerate payment or performance under the Agreement will be in consonance with the respective loan Agreement.
- AFL will release all securities of its Borrower only on repayment of all dues by such Borrower, or only on realization of the outstanding amount of the Borrower's availed limit, subject to any legitimate right or lien for any other claim which AFL may have against its Borrower. If such right of set off is to be exercised, the Borrower will be given notice about the same with full particulars about the remaining claims and conditions under which AFL will be entitled to retain the securities till the relevant claim is settled or paid by the Borrower.

(v) Responsible Lending Conduct – Release of movable/immovable property documents on repayment/ settlement of personal loans

- AFL shall 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 borrower will be given the option of collecting the original movable/ immovable property documents either from the banking outlet/branch where the loan account was serviced or any other office of AFL where the documents are available, as per her/his preference.
- 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.
- In order to address the contingent event of demise of the sole borrower or joint borrowers, AFL has a well laid out procedure for return of original movable/immovable property documents to the legal heirs. Such procedure has been displayed on AFL's website for customer information.
- Compensation for delay in release of movable/immovable property documents-
 - In case of delay in releasing of original movable/immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/ settlement of loan, AFL to communicate to the borrower reasons for such delay. In case where the delay is attributable to AFL, the borrower to be compensated at the rate of ₹5,000 for each day of delay.
 - In case of loss/damage to original movable/immovable property documents, either in part or in full, AFL will 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 in such cases, an additional time of 30 days will be available to AFL to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).

(vi) Reset of floating interest rate on Equated Monthly Instalments (EMI) based personal loans

- (i) At the time of sanction, AFL shall clearly communicate to the borrowers about the possible impact of change in benchmark interest rate on the loan leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels.
- (ii) At the time of reset of interest rates, AFL shall provide the option to the borrowers to switch over to a fixed rate as per Board approved policy. The policy, inter alia, may also specify the number of times a borrower will be allowed to switch during the tenor of the loan.
- (iii) The borrowers shall also be given the choice to opt for (a) enhancement in EMI or elongation of tenor or for a combination of both options; and, (b) to prepay, either in part or in full, at any point during the tenor of the loan. Levy of foreclosure charges/ prepayment penalty shall be subject to extant instructions.
- (iv) All applicable charges for switching of loans from floating to fixed rate and any other service charges/ administrative costs incidental to the exercise of the above options shall Vide circular DOR.MCS.REC.32/01.01.003/2023-24 dated August 18, 2023 be transparently disclosed in the sanction letter and also at the time of revision of such charges/ costs from time to time.
- (v) AFL shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.

(vi) AFL shall share/ make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest/Annual Percentage Rate (APR) for the entire tenor of the loan. AFL shall ensure that the statements are simple and easily understood by the borrower. Apart from the equated monthly instalment loans, these instructions would also apply, mutatis mutandis, to all equated instalment-based loans of different periodicities.

(vi) General

- AFL will refrain from interference in the affairs of its Borrower except for the purposes provided in the terms and conditions of the respective loan agreement (unless new information, not earlier disclosed by the Borrower, which may come to the notice of AFL).
- In case of receipt of request from the Borrower for transfer of Borrower account, the consent or otherwise i.e., objection of AFL, if any, is generally conveyed to such Borrower within 21 days from the date of receipt of the Borrower's request. Such transfer will be as per transparent contractual terms in consonance with all the applicable laws
- In the matter of recovery of outstanding dues of its Borrower, AFL does not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans/dues, etc. Training will be imparted to ensure that staff is adequately trained to deal with customers in an appropriate manner.
- AFL shall not charge foreclosure charges/pre-payment penalties on any floating rate term loan sanctioned for the purposes other than business to individual borrower, with or without co-obligant.

(vii) Charging of Interest

While adequate freedom has been provided to REs over loan pricing policy, RBI vide Circular DoS.CO.PPG.SEC.1/11.01.005/2024-25 dated April 29,2024 has directed REs to review their practices regarding mode of disbursal of loans, application of interest and other charges.

Accordingly, AFL will follow below with respect to charging of interest-

- charge interest from the date of handover of cheque to the customer
- charge interest only for the period for which the loan was outstanding and not entire month
- consider loan amount net of advance instalments for charging interest

(viii) Regulation of Excessive Interest charged

- AFL has laid down appropriate internal principles and procedures in determining interest rates and processing and other charges.
- AFL has adopted an interest rate model taking into account cost of funds, margin and risk premium for determining rate of interest to be charged for loans and advances.
- The rate of interest to be charged depends much upon the gradation of the risk of borrower viz. the financial strength, business, regulatory environment affecting the business, competition, past history of the borrower etc.
- 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 be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

- The rates of interest and the approach for gradation of risks shall also be made available on the website.
- The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest. The rate of interest must be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

(ix) Loans Sourced over Digital Lending Platforms- Adherence to Fair Practices Code and Outsourcing Guidelines

AFL shall abide by Guidelines on Digital Lending issued by the RBI in respect of Loans Sourced by NBFCs over Digital Lending Platforms, which, inter alia, provides for following:

- Names of digital lending platforms engaged as agents shall be disclosed on the website of AFL
- AFL will disclose the partner's name on whose behalf AFL is interacting with the borrower.
- Immediately after sanction but before execution of the Loan Documents, the sanction letter shall be issued to the borrower on the letter head of AFL.
- A copy of the Loan Documents along with a copy of each of all enclosures quoted in the Loan Documents shall be furnished to all borrowers at the time of sanction/ disbursement of loans.

(xi) Grievance Redressal Mechanism

The Board of Directors of the Company has laid down the Grievance Redressal Mechanism within the organization to resolve complaints and grievances.

Such mechanism ensures that:

- a. all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level.
- b. All disputes / complaints arising out of the decisions of the Company's functionaries including issues relating to services provided by the outsourced agency would be heard and disposed

Customer shall be told where to find details of the Company's procedure for handling complaints, fairly and quickly.

If the customer wants to make a complaint, then the customers should be informed on the following:

- How to lodge complaint
- Where a complaint can be made
- When to expect a reply
- Whom to approach for redressal
- What to do if the customer is not happy about the outcome.
- Our staff shall help the customer with any queries the customer has

Step 1 : Lodge your Complaint

The customer can reach us for any complaint which also includes digital lending related concerns and concerns relating to services provided by the outsourced agencies through any of the below mentioned channels:

1. Contact us on numbers published on our website (www.axisfinance.in) Tel: 1800 419 0094. (Monday to Saturday, 9.30 AM to 6.00 PM)
2. E-mail us at customer.support@axisfinance.in, grievance@axisfinance.in & axisfinance.nodalofficer@axisfinance.in

3. Visit Axis Finance Ltd. website to submit complaint feedback form: <https://www.axisfinance.in/Customer-Services/customer-complaints-and-feedback>
4. Customer can log in to Customer portal www.axisfinance.in, go to login and select customer section.
5. Visit our Company and submit your complaints/grievance at any of our branches. (Working hours from 10:00 A.M to 5:30 P.M. Monday to Saturday (except 1st & 2nd Saturday of the month);
6. Directly write at the below address-

Axis Finance Limited

Axis House, Ground Floor,
C2, Wadia International Centre
P.B. Marg, Worli,
Mumbai 400025

7. Acknowledgment and service ID is provided for every grievance logged in the system

Step 2 : Escalation to Grievance Redressal Officer

If the customer is not satisfied with the resolution, or doesn't receive any response within 10 working days he/she can write, mail or call to the grievance redressal officer of the Company:

Ms. Mangal Sarang

Axis House, Ground Floor,
C2, Wadia International Centre
P.B. Marg, Worli,
Mumbai – 400025
Tel no: 022- 6226 0049

Email id: grievance@axisfinance.in

Step 3: Escalation to Principal Nodal Officer

If the customer is not satisfied with the resolution offered by grievance redressal officer, or does not receive any response within 15 working days he/she can write, mail or call to the Principal Nodal Officer of the Company:

Ms. Preeti Singh

Axis House, Ground Floor,
C-2 Wadia International Centre,
P. B Marg, Worli, Mumbai -400025
Tel no: 022- 6226 0248

Email id: axisfinance.nodalofficer@axisfinance.in

Step 4 : Ombudsman

- If the complaint is not redressed within a period of 30 days or if customer do not get satisfactory response from AFL, the customer may approach and lodge a complaint under The Reserve Bank - Integrated Ombudsman Scheme, 2021 to Centralised Receipt and Processing Centre.
- Customer can use Complaint lodging portal of the Ombudsman: <https://cms.rbi.org.in> to register complaint. Complaints in electronic mode (E-mail) and physical form, including postal and hand-delivered complaints, shall be addressed and sent to the Centralised Receipt and Processing Centre at Centralised Receipt and Processing Centre, Reserve Bank of India, 4th Floor, Sector 17, Chandigarh - 160017
- The customer can access The Reserve Bank - Integrated Ombudsman Scheme, 2021 along with the salient

features of the scheme on <https://www.axisfinance.in/Customer-Services/ombudsman-scheme-for-NBFC's>

(xii) Insurance Business

AFL is registered with Insurance Regulatory & Development Authority of India ("IRDAI") as a Composite Corporate Agent for distribution of insurance products. Accordingly, the grievance redressal channels shall also be available for resolving issues related to insurance. For more details, AFL website to be referred.

(xiii) Loan facilities to the physically/visually challenged

AFL shall not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. All branches of AFL shall render all possible assistance to such persons for availing of the various business facilities.

(xiv) Review

The Fair Practices Code will be available on the website of the Company for the information of its borrowers and various stakeholders. Any enhancements or change in the scope of this code will be uploaded from time to time in future on the said website.

The aforesaid policy will be reviewed annually by the Board of Directors or as and when there are any new changes incorporated by AFL in handling complaints / grievances of the customer which includes introduction of new grievance channels, if any.

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