



AFFIRMATIVE FINANCIAL SERVICES PRIVATE LIMITED

FAIR PRACTICES CODE

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This has reference to RBI Circular No. RBI/2015-16/16DNBR (PD) CC.No.054/03.10.119/2015-16 dated 01st July, 2015, wherein the Reserve Bank of India (RBI) has revised the guidelines on Fair Practices Code for NBFCs to implement the same.

This Fair Practices Code (the “Code”) sets out the minimum practices to be followed by Affirmative Financial Services Private Limited (formerly known as (hereinafter referred to as “the Company”) while dealing with customers. This Code is formulated in pursuance of the guidelines issued by the Reserve Bank of India on fair practice code for NBFCs, to ensure better service and provide necessary information to customers to take informed decisions.

OBJECTIVES OF THE CODE:

This Code has been developed:

- To promote and ensure good and fair practices while dealing with customers.
- To provide the necessary information to the customers and to increase transparency in order to enable customers to take informed decisions and to appraise them of the services rendered by the Company.
- To promote a fair and cordial relationship with the customers.

The Company would adhere to the Fair Practices Code mentioned herein below in its functioning as a Non-Banking Finance Company.

APPLICATION FOR LOANS AND THEIR PROCESSING:

- All communications with the borrower shall be in the English language. If borrower does not understand the English language, then we will provide the communication in a language as understood by the borrower.
- Loan application forms shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. The loan application form shall indicate the documents required to be submitted along with the application form.
- The Company shall provide acknowledgement for receipt of all loan applications. The acknowledgement includes the time frame within which loan applications will be disposed off.

LOAN APPRAISAL AND TERMS / CONDITIONS:

- The Company shall convey in writing to the borrower by means of Sanction Letter or otherwise in English language, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower in its record. If borrower does not understand English, then the Company shall provide the communication in a language as understood by the borrower.
- The Company shall mention the penal interest charged for late repayment in bold in the loan agreement.
- The Company shall furnish a copy of the loan agreement along with all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.

DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS:

- The Company shall give notice to the borrower of any change in the terms and conditions including disbursement schedules, interest rates, service charges, prepayment charges, etc.
- The Company shall ensure that changes in interest rates and charges are effected only prospectively. The loan agreement shall contain the necessary provisions in this regard.
- Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
- The Company shall release all securities / assets on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company shall have against the borrower. If the right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under the company is entitled to retain the securities till the relevant claim is settled / paid.

GENERAL PROVISIONS:

- The Company shall refrain from interference in the affairs of the borrower except for the purposes provided for in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company).

- In case of receipt of request from the borrower for transfer of Borrower account, the consent or otherwise i.e., objection of the Company, if any shall be conveyed to the borrower within 21 days from the date of receipt of any request. Such transfer shall be as per transparent contractual terms in consonance with law.
- In the matter of recovery of loans, the Company shall not resort to undue harassment viz., persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. Training will be imparted to ensure that staff is adequately trained to deal with customers in an appropriate manner.

RATE OF INTEREST:

- The Company shall frame appropriate internal principles and procedures for determining the rate of interest and processing and other charges, if any, in order to ensure that rate of interest are not excessive and are sustainable and conform to the normal financial practice.
- The Board of the Company shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans 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 be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- The decision to give a loan and the interest rate applicable to each loan account is assessed on a case to case basis, based on multiple parameters such as, borrower's profile, repayment capacity, borrower's other financial commitments, past repayment track record if any, the security for the loan as represented by the underlying assets, loan to value ratio, tenure of the loan, geography (location) of the borrower. Such information is collated based on borrower inputs and credit bureau. The rates of interest are subject to change as the situation warrants and are subject to the discretion of the management on a case to case basis.
- The rate of interest shall be annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

REPOSSESSION OF SECURITY

- The Company shall have a built in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable.

- To ensure transparency, the terms and conditions of the contract/loan agreement should also contain provisions regarding:
 - i) The Lender has the right to take possession of the Asset by giving 7 days' notice to the Borrower to clear the dues or to hand over possession of the Asset. Such notice need not be given in the following circumstances:
 - (a) when the Borrower agrees for waiver of such notice
 - (b) when the Borrower has expressed his willingness to surrender the possession of the Asset voluntarily
 - (c) when there is reasonable apprehension to the Lender or its officers/agents that such notice may defeat the taking of possession of the Asset due to any foul play or forcible resistance from the part of the Borrower/Guarantor
 - (d) when the Borrower has absconded with a view to prevent the recovery of the dues from him
 - (g) for such other reasons so as to facilitate peaceful taking possession of the Asset by the Lender.
 - ii) The procedure for taking possession of the Asset includes:
 - (a) when the 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 Asset by suitable ways either by way of a commissioner or receiver;
 - (b) by asking the customer personally to surrender the asset at a place convenient to the Lender;
 - (c) by compelling the Borrower to hand over possession through the authorities so as to prevent the use of the Asset by the Borrower.
 - iii) However the above two clauses (i & ii) are not applicable to the cases wherein the Borrower surrenders the Asset voluntarily.
 - iv) The Lender is entitled to transfer in any form like sale, rental and conversion for own use etc. the Asset, 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 Lender 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 Lender to return the possession of the Asset in appropriate cases.

- v) If such sale proceeds are insufficient to discharge the entire dues, Lender shall move further against the Borrower and/or the Guarantor and if the sale proceeds exceeds the due, the balance shall be paid to the Borrower when he claims it. However the above entitlement is no bar for the Lender to proceed against the Borrower and/or Guarantor directly, sparing the proceedings against the security.
- vi) The Lender is entitled to recover from the Borrower all types of expenses on full indemnity basis, incurred by or on behalf of the Lender in ascertaining the whereabouts of the Asset, taking possession, garaging, insuring, transporting and selling the Asset and also for other legal steps in connection with this Agreement.

A copy of such terms and conditions must be made available to the borrower in terms of circular wherein it was stated that NBFCS may invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans, which may form a key component of such contracts/loan agreements.

RESPONSIBILITY OF BOARD OF DIRECTORS

- The Board of Directors of the Company shall lay down the appropriate grievance redressal mechanism within the organization to 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 of the organization as may be determined by the Board of Directors of the Company.
- The Board of Directors shall also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management.
- A consolidated report of such reviews shall also be submitted to the Board at regular intervals.

GRIEVANCE REDRESSAL MECHANISM

The Customers who wish to provide feedback or send in their complaints may use the following channels between 10.00 am and 6:00 pm from Monday to Friday (except on public holidays). The name and contact details of the Grievance Redressal Officers who may be approached for the resolution of complaints against the Company are as under:

Email ID: customercare@affirmative.co.in
Telephone: 022 66755755

If you desire to escalate your Grievance/Complaint, please write to:

- **Mr. Amit Handa**
Email ID: amithanda@affirmative.co.in
Telephone: 022 66755700

If the complaint / dispute is not redressed within a period of 30 days, the customer may appeal to:

The Officer-in-Charge of the Regional Office of DNBS of RBI

3rd Floor, RBI Building,

Opp. Mumbai Central Railway Station, Near Maratha Mandir,

Byculla, Mumbai – 400 008

Tel: 022-2308 4121/2302 8436

Fax: 022-2302 2011

Email: dnbsmro@rbi.org.in

PERIODIC REVIEW

The Company shall also review and refine the Code, as may be required periodically based on its own experience and fresh guidelines, if any, to be issued by the RBI in this regard.
