

AVANSE Financial Services Limited

(formerly known as Avanse Financial Services Pvt. Ltd. & Abhivruddhi Holdings Private Limited)

Fair Practices Code (FPC)

Avanse Financial Services Limited

Fair Practice Code

Avanse is a new age financial-services company which is committed towards helping deserving candidates fulfil their dreams of securing/ offering higher education. We endeavor to offer the best education finance capabilities to our customers and create new curves of evolution in the country. To this effect, the company has decided to create strong relationships across more than 400 educators and allied services as well as organizations focused on the education sector. The organization endeavors to review and follow the policy guidelines laid down by RBI to set up fair business practices while dealing with its customers.

The company is committed towards making educational finance options available to all deserving and eligible candidates. This will be done without any discrimination on the basis of race, caste, colour, religion, sex, marital status, age or handicap all financial products so as to act fairly and reasonably in all its dealings with customers. Avanse was formed with the aim of fulfilling the need for education finance at reasonable terms. Every Indian youth has a right to the best in education where lack of funds must be the last hindrance to this dream and it is this market, that Avanse hopes to serve fully. We offer educational finance options to students for study abroad, as well as in India along with support for executive courses. We aim to make the loan application process as hassle-free as possible with upto 100% funding for their educational finance needs.

Avanse will ensure that the implementation of this FPC becomes the responsibility of the entire organization and its employees. The Company's fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, and servicing and collection activities. Its commitment to FPC will be demonstrated in terms of employee accountability, training, counseling, and monitoring, auditing programs and internal controls, optimal use of technology and empathy to the needs of its customers across channels. At the same time, we will remain cognizant of our customer's need for privacy and confidentiality for their personal data. Unless, mandated by government regulations or an order issued by the relevant court of law, we will maintain strict privacy codes for data of our customers. The company commits to laying down the appropriate grievance redressal mechanism for its customers and resolve disputes arising in this regard by helping customers with the appropriate redressal mechanism along with highlighting the relevant authority for the same. Avanse remains committed towards adopting all the best practices prescribed by RBI from time to time and shall make appropriate modifications if any necessary to this Code to conform to the standards as prescribed.

Accordingly, this code has been formulated pursuant to the Guidelines issued by the Reserve Bank of India ("RBI") on Fair Practices Code for Non Banking Finance Companies vide its circular bearing No. RBI / 2006-07 /138 - DNBS (PD) CC No. 80 / 03.10.042 / 2005-06 dated September 28, 2006 and the revised guidelines issued by the RBI on Fair Practices Code for Non Banking Finance Companies vide its circular bearing No. RBI/2011-12/470 - DNBS.CC.PD.No. 266/03.10.01/2011-12 dated March 26, 2012 and shall become effective from December 2012. The same has been amended and approved by the Board in its meeting held on July 15, 2016 and the revised policy is effective from that day.

1. OBJECTIVES OF THE CODE

The Fair Practices Code for Avanse seeks to provide transparency and clarity to the borrowers with regard to their transactions.

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The Code has been developed to:

- (a) Promote good and fair practices by setting minimum standards in dealing with borrower/s;
- (b) Increase transparency so that the borrower/s can have a better understanding of what they can reasonably expect of the services;
- (c) Encourage market forces, through competition, to achieve higher operating standards;
- (d) Promote a fair and cordial relationship with borrower/s;

2. APPLICATION OF CODE

All parts of this Code apply to all the products and services, whether they are provided by the Company across the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other method.

3. TO ACT FAIRLY AND REASONABLY IN ALL DEALINGS WITH BORROWER/S BY:

- (a) Meeting the commitments and standards in this Code, for the products and services we offer, and in the procedures and practices our staff follows;
- (b) Making sure that our products and services meet relevant laws and regulations in letter and spirit;
- (c) Ensuring that our dealings with borrower/s rest on ethical principles of integrity and transparency;

4. ADVERTISING, MARKETING AND SALES

- (i) We shall ensure that all advertising and promotional material is clear, and not misleading.
- (ii) In any advertising in any media and promotional literature that draws attention to a service or product and includes a reference to an interest rate, we shall also indicate whether other fees and charges, if any, will apply and that full details of the relevant terms and conditions are available on request.
- (iii) We shall provide information on interest rates, and charges through our website;
- (iv) If we avail of the services of third parties for providing support services, we shall require that such third parties handle borrower/s personal information (if any available to such third parties) with the same degree of confidentiality and security as we would.
- (v) We may, from time to time, communicate to borrower/s various features of our products availed by them. Information about our other products or promotional offers in respect of products / services, may be conveyed to borrower/s only if he / she has given his / her consent to receive such information / service either by mail or on phone or by registering for the same on the website /or through the application form or any other form of written communication.
- (vi) Prescribe a code of conduct for the Direct Selling Agencies (DSAs) / / Direct Selling Teams (DST's) /Telecallers whose services are availed to market products / services which amongst other matters require them to identify themselves when they approach the borrower/s for selling products personally or through phone.

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- (vii) In the event of receipt of any complaint from the borrower/s that our representative or DSA has engaged in any improper conduct or acted in violation of this Code, appropriate steps shall be initiated to investigate and to handle the complaint.

5. LOANS

(i) Applications for loans & their processing -

- (a) At the time of sourcing a Loan, we will provide Information about the range of interest rate applicable, as also the fees/charges, if any, payable for processing, pre-payment options & charges, if any, & any other matter which affects the interest of the borrower/s, so that a meaningful comparison with those of other lenders can be made & informed decision can be taken by the borrower/s. The loan application form shall contain the list of documents required to be submitted with the application form.

The rate of interest applicable to the borrower/s shall be based on the number of factors such as profile of the borrower/s viz. academic background of the student availing the loan, course selected, college in which admission is sought, cost of funds, financial strength of the co-borrower/s, security/collateral offered and any other such factors as the company may deem fit

- (b) We shall follow the System of giving Acknowledgement for receipt of all Loan Applications. Preferably, the time frame within which Loan Applications will be disposed of would also be indicated to the customer, keeping in mind the level of Authority to which the Loan Proposal would be forwarded for final decision.
- (c) All Communications to the borrower/s will be in the vernacular language or a language as understood by the borrower/s

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(ii) Loan appraisal and terms/conditions-

- (a) Normally all particulars required for processing the Loan Application shall be collected by us at the time of Application. In case we need any additional information, the Borrower/s would be told that he would be contacted immediately again.
- (b) We shall convey in writing to the Borrower/s in the vernacular language or a language as understood by the borrower/s, the Loan Sanctioned along with the Terms & Conditions thereof including annualized rate of interest, method of application, EMI Structure, and any other charges if any, and shall keep the written acceptance of all these terms and conditions by the borrower/s in our records.
- (c) We shall provide Authenticated Copies of all the Loan Documents executed by the Borrower/s along with a copy of each of all enclosures quoted in the Loan Document to every borrower/s subsequent to disbursement of loans.

(iii) Communication of rejection of Loan Application

In case of the rejection of the loan application the same shall be communicated to the applicant.

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

- a) Disbursement shall be made in accordance with the disbursement schedule terms or conditions given in the Loan Agreement/ Sanction Letter and opted by the borrower/s.
- b) We shall give notice to the Borrower/s in the vernacular language or a language as understood by the borrower/s of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, other applicable fee/charges etc. We shall also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard shall be incorporated in the loan agreement.
- c) Before taking a decision to recall / accelerate payment or performance under the Agreement or seeking additional securities, we shall give notice to borrower/s in consonance with the Loan Agreement.
- d) We shall release all Securities within 15 working days of repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim that we may have against the borrower/s. If such right of set off is to be exercised, the borrower/s shall be given a prior notice about the same with full particulars about the remaining claims & the conditions under which we are entitled to retain the securities till the relevant claim is settled / paid.

6. GUARANTORS

When a person intends to be Guarantor for a loan, he / she will be informed about:

- (a) his/her Liability as Guarantor;
- (b) the amount of Liability he/she will be committing himself / herself to the Company;
- (c) circumstances in which we will call on him / her to pay up his / her Liability;

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- (d) whether we have recourse to his/her other monies/securities in the Company if he/ she fails to pay up as a Guarantor;
- (e) whether his/her liabilities as a Guarantor are limited to a specific quantum or are they unlimited; &
- (f) time & circumstances in which his/her liabilities as a Guarantor will be discharged and also the manner in which we will notify him/her about this.

We shall keep him / her informed of any material adverse change/s in the financial position of the borrower/s for whom he / she stands as a Guarantor.

7. PRIVACY AND CONFIDENTIALITY

All personal information of borrower/s shall be treated as private and confidential [even when the borrower/s are no longer customers of AVANSE], and shall be guided by the following principles and policies. We shall not reveal information or data relating to borrower/s account, whether provided by the borrower/s or otherwise, to anyone, including other companies / entities in our group, other than in the following exceptional cases:

- (a) If the information is to be given by law
- (b) If there is a duty towards the public to reveal the information
- (c) If our interests require them to give the information (for example, to prevent fraud) but it should not be used as a reason for giving information about borrower/s or borrower/s accounts [including borrower/s name and address] to anyone else, including other companies in the group, for marketing purposes.
- (d) If the borrower/s asks us to reveal the information, or with the borrower/s permission
- (e) If we were asked to give a reference about borrower/s, we shall obtain his / her written permission before giving it.
- (f) The borrower/s shall be informed the extent of his / her rights under the existing legal framework for accessing the personal records that we hold about him /her.
- (g) We shall not use borrower/s personal information for marketing purposes by anyone including us unless the borrower/s specifically authorizes us to do so.

8. CREDIT REFERENCE AGENCIES

- (a) When a borrower/s opens an account, we shall inform him / her when we may pass his / her account details to credit reference agencies and the checks we may make with them.
- (b) We may give information to credit reference agencies about the personal debts the borrower/s owes them if:
 - o the borrower/s has fallen behind with his / her payments;
 - o the amount owed is not in dispute; and

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- the borrower/s has not made proposals that we are satisfied with, for repaying his / her debt, following our formal demand.
- (c) In these cases, we shall intimate the borrower/s in writing our intention to give information about the debts of the borrower/s to the credit reference agencies. At the same time, we shall explain to the borrower/s the role of credit reference agencies and the effect of the information provided by them will have on their ability to get credit.
- (d) We may give credit reference agencies such other information about the borrower/s account, if the borrower/s has given them his / her permission to do so.
- (e) A copy of the information given to the credit reference agencies shall be provided by us to a borrower/s, if so demanded.

9. COLLECTION OF DUES

- (i) Whenever loans are given, we shall explain to the borrower/s the repayment process by way of amount, tenure and periodicity of repayment. However if the borrower/s does not adhere to the repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of dues. The process will involve reminding the borrower/s by sending him / her notice or by making personal visits and / or repossession of security if any.
- (ii) Our collection policy will be built on courtesy, fair treatment and persuasion. We believe in fostering borrower/s confidence and long-term relationship. Our staff or any person authorized to represent us in collection of dues and / or security repossession shall identify himself / herself and display the authority letter issued by us and / or upon request, display his / her identity card issued by us or under the authority of the Company. We will provide borrower/s with all the information regarding dues and shall endeavor to give sufficient notice for payment of dues.
- (iii) All the members of the staff or any person authorised to represent us in collection and/or security repossession shall be adequately trained to deal with the borrower/s in an appropriate manner and shall follow the guidelines set out below:
 - (a) Borrower/s would be contacted ordinarily at the place of his / her choice and in the absence of any specified place at the place of his / her residence and if unavailable at his / her residence, at the place of business / occupation.
 - (b) Identity and authority to represent us shall be made known to the borrower/s at the first instance.
 - (c) Borrower/s privacy would be respected except, as per the terms of the loan agreement (unless the new information, not earlier disclosed by the borrower/s, has come to the notice of the Company) interference in the affairs of the borrower/s shall not be done.
 - (d) Interaction with the borrower/s shall be in a civil manner and muscle power would not be used for the recovery of loans.
 - (e) Our representatives shall contact the borrower/s usually between 0700 hrs and 1900 hrs, unless the special circumstances of the borrower/s business or occupation require otherwise.
 - (f) Borrower/s request to avoid calls at a particular time or at a particular place shall be honored as far as possible.
 - (g) All assistance shall be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
 - (h) During visits to borrower/s place for dues collection, decency and decorum shall be maintained.

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- (i) Inappropriate occasions such as bereavement in the family or such other calamitous occasions shall be avoided for making calls/visits to collect dues.

10. COMPLAINTS AND GRIEVANCES

Internal Procedures

- (a) The Company has established the system and procedures for receiving, registering and disposing of complaints and grievances in each of its offices.
- (b) The Board of Directors of the Company has laid down the appropriate grievance redressal mechanism within the organization to resolve complaints and grievances. Such 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.
- (c) Borrower/s shall be told where to find details of the Company's procedure for handling complaints, fairly and quickly.
- (d) If the borrower/s wants to make a complaint, then the borrower/s would be informed on the following:
 - I. How to do this
 - II. Where a complaint can be made
 - III. How a complaint should be made
 - IV. When to expect a reply
 - V. Whom to approach for redressal
 - VI. What to do if the borrower/s is not happy about the outcome.
 - VII. Our staff shall help the borrower/s with any queries the borrower/s has.

(e) **Grievance Redressal Procedure**

Great services help companies drive the customer acquisition, retention and efficiency which in turn make the company successful. At Avanse, The core philosophy being Grievance Redressal has always been customer care, and hence we have developed a four tier approach to leave no stone unturned in solving the customer complaints

The company has established a four tier approach to resolve any complaint/query/grievance

1. Level 1:

(a) In case of any query/grievance, the borrower/s may contact the respective Branch Team/s, either telephonically /by email /by visiting Branch office and register their complaint/query/grievance in the complaint register available in the branch.

(b) We shall endeavor to send an acknowledgement to the borrower/s within two working days of the receipt of complaint/query/grievance. Further, we shall strive to provide the borrower /s with a suitable response/resolution on his complaint/query/grievance within 14 working days

(c) In case the borrower/s is not satisfied with the resolution/respond provided by the branch team/s in due course, then he may escalate his complaint in the following manner

2. Level 2:

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In case the borrower/s is not satisfied with the resolution/respond provided by the branch team/s in due course, then he/she may contact our Customer Response Team through any of the following channels:

Mail: Avanse Financial Services Ltd,

Kind attention : Ms. Sonia Sule

Ground Floor,
Madhava Building,
Bandra Kurla Complex,
Near Family Court,
Bandra East, Mumbai - 400 051
Email: customercell@avanse.com

Telephone:022-71112233

Fax: 022 - 71112234, to the attention of Ms. Sonia Sule

We will strive to solve your complaint/query/grievance at this level.

3. Level 3:

In case the Borrower /s is still dissatisfied with the resolution/respond provided by our Customer Response Team, then he/she may further contact our Grievance Redressal Officer through any of the following channels:

Mail: Avanse Financial Services Ltd,

Kind attention: Ms. Swechha Jain

Ground Floor, Madhava Building,
Bandra Kurla Complex, Near Family Court,
Bandra East, Mumbai - 400 051

Email: swechha.jain@avanse.com

Telephone:022-71112233

Fax: 022 - 71112234, to the attention of Ms. Swechha Jain

We will make our best efforts to solve your complaint/query/grievance at this level

4. Level 4:

If the compliant/query/grievance is not redressed within a period of one month or if the borrower/s is dissatisfied with the response received, the complainant may appeal the Officer- in-Charge of Regional office of DNBS of RBI through any of the following channels

CGM- DNBS Officer-in-Charge

Mumbai Regional Office,

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Opposite Mumbai Central Station,
Near Maratha Mandir Cinema,
Byculla, Mumbai 400 008.
Email: bomumbai@rbi.org.in

Phone: 022-24931214

11. GENERAL

We shall give the Borrower/s the following information:-

- (a) That we will verify the details mentioned by him / her in the loan application by contacting him / her at his / her Residence & / or on business telephone numbers & / or physically visiting his / her residence & / or business addresses through staff or through Agencies appointed for this purpose, if deemed necessary by us.
- (b) That the Borrower/s shall be informed to co-operate if we need to investigate a transaction on the Borrower/s Account & with the Police / other investigative agencies, if we need to involve them.
- (c) We shall advise the Borrower/s that if the Borrower/s acts fraudulently, he / she will be responsible for all losses on his / her account & that if the Borrower/s acts without reasonable care & this causes losses, the Borrower/s may be held responsible for the same.
- (d) About our products and services in any one or more of the following languages: Hindi, English or the appropriate local language;
- (e) We shall not discriminate on grounds of sex, caste & religion in the matter of Lending. However, this does not preclude us from instituting or participating in Schemes framed for different Sections of the Society.
- (f) We shall process requests for transfer of a loan account, either from the borrower/s or from a bank / financial institution, in the normal course. The receipt of request from the borrower/s for transfer of the loan account, the consent or otherwise i.e. objection of the Company, if any, shall be conveyed within 21 days from the date of receipt of such request. Such transfer shall be as per the transparent contractual terms entered into with the borrower/s in consonance with law.
- (g) To publicize the Code we will:-
 1. Provide existing and new borrower/s with a copy of the Code, if requested;
 2. Make this Code available on request either over the counter or by electronic communication or mail;
 3. Make available this Code at every branch; and on our website; and
 4. Ensure that our staff is trained to provide relevant information about the Code and to put the Code into practice.
- (h) The Board of Directors shall periodically review the Compliance of the Fair Practice Code and functioning of the grievance redressal mechanism. A consolidated report of such reviews may be submitted to the Board of Directors at regular intervals, or as may be prescribed from time to time.
- (i) The Code will be reviewed at yearly intervals or as and when felt necessary by the Board.
- (j) The Board of the company has adopted an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium which will help in determining the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk

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and the parameters for charging different rate of interest to different categories of borrower/s shall be disclosed to the borrower/s or customer in the application form and sanction letter .

- (k) The rates of interest and the approach for gradation of risks have also been made available on the web-site of the company. The information published in the website would be updated whenever there is a change in the rates of interest.
- (l) The rate of interest would be annualised rate so that the borrower/s is aware of the exact rates that would be charged to the account.