

Avanse - Fair Practice Code

Avanse is a new age financial-services company which is committed towards helping deserving candidates fulfill 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/2011-12/470 - DNBS.CC.PD.No. 266/03.10.01/2011-12 dated March 26, 2012 read with RBI Master Circular on Fair Practice Code for NBFCs dated July 01, 2015. In line with these guidelines Avanse has formulated this Policy, which is approved by its Board of Directors at its meeting held on July 15, 2016. The management of Avanse reviews this Policy from time to time basis the business and regulatory requirements. The same has been amended and approved by the Board at its meeting held on March 20, 2017 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 Customers with regard to their transactions. The Code has been developed to:

- (a) Promote good and fair practices by setting minimum standards in dealing with Customer;
- (b) Increase transparency so that the Customer 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; and
- (d) Promote a fair and cordial relationship with Customer.

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. This code will be applicable to all our Customers (which include prospective customers, customers who have applied for loan with us but loan not sanctioned / disbursed and the customers who are in receipt of loan amount from us i.e. borrowers).

3. TO ACT FAIRLY AND REASONABLY IN ALL DEALINGS WITH CUSTOMER 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; and
- (c) Ensuring that our dealings with Customer 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 Customer 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 Customer 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 Customer 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 Customer for selling products personally or through phone.
- (vii) In the event of receipt of any complaint from the Customer 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 Customer, so that a meaningful comparison with those of other lenders can be made & informed decision can be taken by the Customer. The loan application form shall contain the list of documents required to be submitted with the application form.
- (b) The rate of interest applicable to the Customer shall be based on the number of factors such as profile of the Customer 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-Customer, security/collateral offered and any other such factors as the company may deem fit.
- (c) All loan applications completed in all respects (i.e. needed information and documents) shall be duly acknowledged by our branch offices and authorized personnel. Turnaround time for disposing the loan applications completed in all respects shall be 30 days from the date of receipt of the last leg of information / data from the Customer to process / appraise his / her loan

application. This time frame for disposing Loan Applications shall be indicated to the customer, keeping in mind the level of Authority to which the Loan Proposal would be forwarded for final decision.

- (d) All Communications to the Customer will be in the vernacular language or a language as understood by the Customer.
- (e) Nil foreclosure or pre-payment charges will be levied on all floating rate term loans sanctioned to individual borrowers.

(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 Customer would be told that he/she would be contacted immediately again.
- (b) We shall convey in writing to the Customer in the vernacular language or a language as understood by the Customer, 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 Customer in our records. Penal interest and late payment charges shall be highlighted in **bold** to sensitize the Customers about consequences of delay in payment of periodic installments and/or any breach of the terms of the loan agreement and sanction letter.
- (c) We shall provide Authenticated Copies of all the Loan Documents executed by the Customer along with a copy of each of all enclosures quoted in the Loan Document to every Customer 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 agreed by the Customer.
- b) We shall give notice to the Customer in the vernacular language or a language as understood by the Customer 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 Customer in consonance with the Loan

Agreement.

- d) We shall release all Securities 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 that we may have against the Borrower. If such right of set off is to be exercised, the Borrower 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. **PRIVACY AND CONFIDENTIALITY**

All personal information of Customer shall be treated as private and confidential [even when the Customer are not the borrower of AVANSE], and shall be guided by the following principles and policies. We shall not reveal information or data relating to Borrower account, whether provided by the Borrower 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 or Borrower accounts [including Borrower name and address] to anyone else, including other companies in the group, for marketing purposes.
- (d) If the Borrower asks us to reveal the information, or with the Borrower permission.
- (e) If we were asked to give a reference about Borrower, we shall obtain his / her written permission before giving it.
- (f) The Borrower 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 personal information for marketing purposes by anyone including us unless the Borrower specifically authorizes us to do so.

7. **CREDIT REFERENCE AGENCIES**

- (a) When a Customer 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 owes them if:
 - o the Borrower has fallen behind with his / her payments;
 - o the amount owed is not in dispute; and
 - o The Borrower has not made proposals that we are satisfied with, for repaying his / her

debt, following our formal demand.

8. COLLECTION OF DUES

- (i) Whenever loans are given, we shall explain to the Borrower the repayment process by way of amount, tenure and periodicity of repayment. However if the Borrower 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 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 Customer 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 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 authorized to represent us in collection and/or security repossession shall be adequately trained to deal with the Customer in an appropriate manner and shall follow the guidelines set out below:
 - a. Customer 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 Customer at the first instance.
 - c. Customer privacy would be respected except, as per the terms of the loan agreement (unless the new information, not earlier disclosed by the Customer, has come to the notice of the Company) interference in the affairs of the Customer shall not be done.
 - d. Interaction with the Customer shall be in a civil manner and muscle power would not be used for the recovery of loans.
 - e. Our representatives shall contact the Customer usually between 0700 hrs and 1900 hrs, unless the special circumstances of the Customer business or occupation require otherwise.
 - f. Customer 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 Customer place for dues collection, decency and decorum shall be maintained.
 - i. Inappropriate occasions such as bereavement in the family or such other calamitous occasions shall be avoided for making calls/visits to collect dues.

- (iv) Additionally, the terms and conditions for enforcing security interest and/or re-possession of the property collateral shall be clearly mentioned loan agreement / sanction terms. To ensure transparency, the said terms will speak about: (a) notice period before taking possession; (b) circumstances under which the notice period can be waived; (c) the procedure for taking possession of the security; (d) provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property; (e) the procedure for giving repossession to the borrower; and (f) the procedure for sale / auction of the property.

9. **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) Customer shall be told where to find details of the Company's procedure for handling complaints, fairly and quickly.
- (d) If the Customer wants to make a complaint, then the Customer 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 Customer is not happy about the outcome.
 - VII. Our staff shall help the Customer with any queries the Customer 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 grievance resolution process to resolve customer grievances. The Customer can also follow the below four tier resolution process in case of any issue relating to services availed from any business partners of the Company.

1. Level 1:

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

(b) On registering the complaint you shall be provided an Acknowledgement within 2 working days of the receipt of complaint by us via e-mail, letter by post or SMS entailing complaint number. The Company shall endeavor to respond to your grievance within a period of 10 working days from the date of receipt of such grievance via e-mail, letter by post, etc.

(c) However, in case where a Complaint warrants extensive investigation and/or support of the Complainant / Customer to identify the perpetrator, root cause analysis, or under litigation (incl. pending with local Police authorities), the turnaround time for responding and resolving such complaints may be more than 10 working days.

(d) In case the Customer 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:

In case the Customer 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
DHFL House, 1st floor, 19, Sahar Road
Off. Western Express Highway
Vile Parle (East), Mumbai – 400 099

Email: wecare@avanse.com

Telephone: 022-71112233

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

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

3. Level 3:

In case the Customer 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: Mr. Samir Kumar Mohanty
Grievance Redressal Officer
DHFL House, 1st floor, 19, Sahar Road
Off. Western Express Highway
Vile Parle (East), Mumbai – 400 099

Email: gro@avanse.com

Telephone: 022-7111 2233 **Fax:** 022 - 71112234, to the attention of Mr. Samir Kumar Mohanty

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

4. Level 4:

If the compliant/grievance is not redressed within a period of one month or if the Customer 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,

Opposite Mumbai Central Station,
Near Maratha Mandir Cinema,
Byculla, Mumbai 400 008.

Email: bomumbai@rbi.org.in

Phone: 022-24931214

10. **GENERAL**

We shall give the Customer 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 Customer shall be informed to co-operate if we need to investigate a transaction on the Customer Account & with the Police / other investigative agencies, if we need to involve them.
- (c) We shall advise the Customer that if the Customer acts fraudulently, he / she will be responsible for all losses on his / her account & that if the Customer acts without reasonable care & this causes losses, the Customer 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 Customer or from a bank / Financial institution, in the normal course. The receipt of request from the Customer for transfer of the loan account, the consent or otherwise i.e. objection of the Company, if any, shall be conveyed within 21 working days from the date of receipt of such request. Such transfer shall be as per the transparent contractual terms entered into with the Customer in consonance with law.
- (g) To publicize the Code we will:
1. Provide existing and new Customer 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 (entailing the number and nature of the Complaints received, number of complaints resolved and pending and lastly number of complaints in which service deficiencies are found) may be submitted to the Board of Directors / Audit Committee at regular intervals, or as may be prescribed from time to time. In addition to this, any other information may be appraised to the Board, to have a holistic view of the function of grievance redressal framework and business operations of Avanse.
- (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 and the parameters for charging different rate of interest to different categories of Customer shall be disclosed to the Customer 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 annualized rate so that the Customer is aware of the exact rates that would be charged to the account.