

AVANSE FINANCIAL SERVICES LIMITED
Fair Practice Code

Version Control

Version	Date of Adoption *	Change reference	Owner	Approving Authority
1	January 3, 2013	Revision in Policy	Compliance / GRO	Board of Directors
2	July 15, 2016	Revision in Policy	Compliance / GRO	Board of Directors
3	April 24, 2018	Revision in Policy	Compliance / GRO	Board of Directors
4	June 25, 2020	Change in Grievance Redressal Procedure	Compliance / GRO	Board of Directors
5	May 6, 2021	Review of Policy	Compliance / GRO	Board of Directors
6	October 28,2021	Changes w.r.t FPC for loan sourced through digital lending platforms	Compliance / GRO	Board of Directors

* The Policy version controls are maintained from 2013 and onwards.

“If at any point a conflict of interpretation/information between this Policy and any Regulations, Rules, Guidelines, Notification, Clarifications, Circulars, Master Circulars/ Directions by RBI arise then interpretation of such Regulations, Rules, Guidelines, Notification, Clarifications, Circulars, Master Directions issued by RBI shall prevail.

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1. Introduction:

Avanse Financial Services Limited (“**Company**” or “**Avanse**”) is a non-deposit taking systemically important NBFC providing loans to aspiring students for vocational, digital and higher education studies in India and Abroad, and also provides loan to education institutes (incl. colleges, schools) for their education infrastructure development. The organization endeavours to review and follow the policy guidelines laid down by RBI to set up fair business practices while dealing with its customers. Accordingly, this Fair Practice Code (“**FPC**” or “**Code**”) has been formulated pursuant to the Master Direction dated September 1, 2016 (as amended from time to time) issued by Reserve Bank of India (“RBI”) for Systemically Important Non-Deposit taking Company and Deposit taking Non-Banking Financial Companies, as amended from time to time. Further RBI vide its Notification No. RBI/2019-20/258 DOR (NBFC) (PD) CC. No.112/03.10.001/2019-20 dated June 24, 2020 has also issued directions for sourcing of loans over Digital Lending Platforms (Digital Lending).

Hence, in compliance with the said directions, this Code has been framed, approved and reviewed by Board of the Company from time to time. The Company shall at all times adopt best business and customer service practices from time to time and make appropriate modifications, as necessary to this Code.

The management of the Company will ensure that the implementation of this FPC becomes the responsibility of the entire organization and its employees. The fair lending practices shall apply to its entire business operations including marketing, loan origination, processing, servicing and collection activities. Its commitment to FPC will be demonstrated in terms of employee accountability, training, counselling, monitoring, auditing programs, internal controls, optimal use of technology and empathy to service the needs of its customers. At the same time, we will remain cognizant of our customer’s need for privacy and confidentiality for their personal data.

2. Objectives of Code:

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

3. Application of Code:

- a) This Code shall apply to all the products and services provided by the Company across the counter, over the phone, by post, through interactive electronic devices, on the internet, or by any other method. The Code shall also apply in case the Company lends through outsourced digital lending platforms (refer Annexure B).
- b) This code will be applicable to all our customers (which as the context permits shall include prospective customers, customers who have applied for loan with us but loan not sanctioned / disbursed in addition to the customers who are in receipt of loan amount from the Company).

4. Company’s Key Commitments:

- a) The Company shall always act fair and reasonable in dealings with its customer(s) by adhering to the principles of integrity and transparency at all times.
- b) The Company shall meet all the legal and regulatory requirements and fulfil standards provided in this Code while soliciting any products and services.

- c) The Company shall ensure that all advertising and promotional material is clear, and not misleading.
- d) The Company shall ensure transparency in communication and provide information on interest rates, fees and charges in the loan document or on its website
- e) The Company may, from time to time, communicate to customer about various features of products/services availed by them including information about third party products/services or promotional offers after obtaining prior written consent from the customer.
- f) The Company shall implement transparent Code of Conduct for its Direct Selling Agencies (DSAs) / Direct Selling Teams (DST's) /Tele callers in line with the Code.
- g) The Company shall always preserve the privacy and confidentiality of personal information provided by Customer.

5. Applications for loans & their processing:

- a) At the time of sourcing a Loan, Avanse will provide Information about the indicative range of annualized Rate of Interest (**RoI**) for the loan product availed along with method of calculating RoI (i.e. factors influencing credit & pricing of risk), pre-payment options, fees , financial charges and other charges, if any, and any other matter which affects the interest of the customer, so that a meaningful comparison with those of other lenders can be made and informed decision is taken by the customer.
- b) The loan application form shall contain the list of documents required to be submitted with the application form.
- c) Every loan application completed in all respects shall be duly acknowledged by our branch offices and authorized personnel. The turnaround time (**TAT**) 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. The time frame for disposing loan applications shall be indicated to the customer.
- d) All Communications to the customer will be in the English or a language as understood by the customer.
- e) Foreclosure or Pre-payment charges will not be levied on floating rate term loans sanctioned for purposes other than business to individual borrowers.

6. Loan appraisal and terms/conditions:

- a) As a standard process, all information required for processing the application shall be collected at the time of loan application itself. In case any additional information is required for credit and risk assessment, the customer shall be again immediately contacted.
- b) The Company shall conduct a due diligence on the credit worthiness of the customer, which will be an important parameter for taking decision on the application. The assessment would be in line with the Company's credit policies, norms and procedures in respect thereof.
- c) The RoI and the approach for gradations of risk and the parameters for charging different RoI to different categories of customer shall be disclosed to customer at the loan application and sanction stage and on the website of the Company.
- d) The Company shall convey in writing to the customer in English or a language as understood by the customer, the Loan Sanctioned along with the Terms & Conditions thereof including annualized RoI, method of application, EMI Structure, and any other charges if any.
- e) The Company shall keep the written acceptance of all these terms and conditions by the customer in its records. Penal interest and late payment charges shall be highlighted in **bold** to sensitize

the Customers about consequences of delay in payment of periodic instalments and/or any breach of the terms of the loan agreement and sanction letter.

- f) The Company shall provide copies of all the loan documents executed by the customer along with a copy of each of its enclosures as per the Loan Documentation to every customer, subsequent to loan disbursement.

7. Disbursement of loans including changes in terms and conditions:

- a) Disbursement shall be made in accordance with the disbursement schedule and/or terms agreed with the customer as per the loan Agreement/ sanction Letter.
- b) The Company shall give notice to the customer in English or a language as understood by the customer of any change in the terms and conditions including disbursement schedule, RoI, service charges, pre-payment charges, other applicable fee/charges etc. The Company shall also ensure that changes in RoI and charges are effected only prospectively with prior intimation to the customer. A suitable condition in this regard shall be incorporated in the loan agreement.

8. Post Disbursement Practices:

- a) Any decision to recall / accelerate payment or performance under the loan agreement or seeking additional securities, shall be taken after giving notice to the customer in consonance with the loan agreement.
- b) The Company will release all securities/collaterals 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 may have against the customer. If such right of set off is to be exercised, the customer will be given notice about the same with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled/paid.

9. Collection of Dues:

- a) At the time of giving a loan to the customer Avanse shall explain to the customer the repayment process including instalment amount, tenure, bounce charges, penal interest and periodicity of repayment. However, if the customer does not adhere to the repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of loan dues. The process will involve reminding the customer by sending him / her notice or by making personal visits and / or repossession of security if any.
- b) Additionally, the terms and conditions for enforcing security interest and/or re-possession of the property collateral shall be clearly mentioned in the loan or security related document. 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 customer for repayment of loan before the sale / auction of the property; (e) the procedure for giving repossession to the customer; and (f) the procedure for sale / auction of the property.
- c) In line with the aforesaid, a Code of Conduct which shall be adhered during collections/recovery of dues from the customers by Company's authorized personnel is provided in **Annexure A**.

10. Grievance Redressal Mechanism:

Great services help companies to drive the customer acquisition, retention and service efficiency. In line with the said philosophy, the Company follows a three **(3)** tier approach for redressal of customer grievances, as detailed below:

1. **Level 1:**

(a) In case of any service request / complaints, the customer may contact the customer engagement team on any of the below mentioned contact points:

- **Email:** wecare@avanse.com
- **Toll Free Number for customers calling from India:** 1800-266-0200
- **Contact Number for customers calling from Abroad:** (+91) 22-6680 6464
- **Written request to the below mentioned details:**

Avanse Financial Services Limited
001 & 002 Fulcrum, A Wing,
Ground Floor, Sahar Road,
Next to Hyatt Regency,
Andheri (East),
Mumbai – 400 099, Maharashtra.

(b) On receipt of service request / complaint, an acknowledgement shall be given within 2 working days by us to the customer via e-mail/ letter by post/ SMS/any other form of legally valid electronic communication including WhatsApp. The Company shall endeavour to respond to the same within a period of 10 working days.-

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

(d) In case the customer is not satisfied with the resolution/response provided by the customer engagement team/s as above, then customer shall escalate to Level 2 as given below.

2. **Level 2:**

It may be noted that the customers shall approach for resolution of their service request/complaint at the first instance to the customer engagement team as mentioned in Level 1 hereinabove, and if their request / complaint remains unresolved or they are dissatisfied with the resolution given, they are required to contact Grievance Redressal Officer (**GRO**) of the Company:

Kind Attn: Grievance Redressal Officer (GRO)
Avanse Financial Services Limited
001 & 002 Fulcrum, A-Wing,
Ground Floor, Sahar Road,
Next to Hyatt Regency,
Andheri (East),
Mumbai – 400 099, Maharashtra.
Email: gro@avanse.com
Telephone: 022- 6859 9999

We will make our best efforts to resolve customer's complaint at this level.

3. Level 3:

- A. If the complaint is not redressed within a period of one (1) month or if the customer is dissatisfied with the resolution received at Level 2 hereinabove, the customer may further escalate by following below mentioned procedure:

#	Particulars	Click on the Link
3.1	Salient features of NBFC Ombudsman Scheme	https://www.avanse.com/viewPagesAssets/pdf/ombudsman-scheme/salient-features-of-the-nbfc-ombudsman-scheme.pdf
3.2	Format of complaint to Ombudsman	https://www.avanse.com/viewPagesAssets/pdf/ombudsman-scheme/form-of-complaint.pdf
3.3	Contact details of Nodal Officers of Avanse	nodal-officers-details-2022.pdf (avanse.com)

- B. If the customer is aggrieved by the Ombudsman Award or rejection of complaint by Ombudsman Office, customer can file an appeal within 30 days of receipt of Award or rejection of complaint to-

**Executive Director
Consumer Education & Protection Department
Reserve Bank of India.**

General:

- (a) The Company shall not discriminate on grounds of sex, caste & religion in the matters of lending.
- (b) The Company shall process requests for transfer of a loan account, either from the customer or from a bank / financial institution in the normal course. All such requests shall be processed within 21 working days and communicated to the customers along with objections / additional requirements, if any.
- (c) All personal information of customer and information related to the transactions with the Company shall be treated confidential, shall not be reveal to anyone, except with customer's prior written consent and/or required by laws and regulations.
- (d) The Company shall publicize the Code as under:
 - Provide existing and new customer with a copy of this Code, whenever requested;
 - Disclose this Code at the on the website of the Company; and
 - Periodic trainings to all the customer facing staff about the fair business practices as mentioned in this Code.
- (e) The Company shall periodically review this Code basis its business and regulatory requirements.
- (f) Periodic reports on the customer complaints (entailing the number and nature of the complaints received, ageing of complaints, adherence to TATs, root cause details of the complaints in which service deficiencies are found) shall be submitted to the Board of Directors / Audit Committee at regular intervals.

Annexure A

Following Code of Conduct shall be adhered by all authorized personnel of the Company while engaging in any manner with the customer(s) for Collections of loan dues:

1. The code of conduct for collections shall be followed diligently all staff members of the Collection team.
2. Foster customer confidence, long term relationship and ensure dignity and respect to customers is maintained.
3. Courtesy, fair treatment and persuasion shall be the basis of recovery. Unduly coercive methods in collection of dues shall not be adopted.
4. Fairness and transparency in repossession, valuation and realization of securities shall be made.
5. Customers would be contacted ordinarily at the place of their choice. In the absence of any specified place, at their place of residence and if unavailable there, then at the place of business / occupation. During visits to customer(s) place for dues collection, decency & decorum shall be maintained.
6. Identity and authority to represent Avanse shall be made known to the customer(s) at the first instance.
7. No interference in the affairs of the customer (s). Interaction with them shall be in a civil manner without use of muscle power for recovery.
8. Authorized Representatives shall contact the customer usually between 07:00 a.m. and 19:00 p.m. unless the special circumstances of the customer's business /occupation require otherwise.
9. Customer's request to avoid calls at a particular time / particular place shall be honoured, to the extent possible.
10. Customer would be provided with all the information regarding dues and necessary notice would be given for enabling discharge of dues.
11. Reasonable notice would be given before repossession of security and its realization.
12. At all times, as far reasonably possible, endeavour to resolve disputes / differences regarding dues in a mutually acceptable and orderly manner.
13. Inappropriate occasions such as bereavement in the family or such other calamitous occasions would be avoided for making calls/visits.
14. Confidentiality of customer information shall be maintained at all times.
15. Demeanour that suggest criminal intimidation or resorting to harassment (verbal or physical) including acts intended to publicly humiliate or intrude the privacy of debtors/family members/friends is strictly prohibited.

Prudential measures for Loans sourced over Digital Lending Platforms

- 1) Name of the digital lending platforms engaged as agents shall be displayed on the website of the Company.
- 2) The digital lending platform shall disclose to the customer that it is interacting for the Company, during the course of processing loan applications with the Company. Accordingly customer communications (such as sanction letter, disbursement confirmation, loan agreement & welcome letter/e-mail) shall also identify the Company as a lender for customers' knowledge and ensuring adequate disclosures.
- 3) The sanction letter shall be issued to the borrower on Company's letter head prior to entering into a loan agreement.
- 4) Executed/accepted copy of loan agreement shall be sent to the customer as an attachment with welcome letter/e-mail or pursuant to loan disbursement.
- 5) In case of any fraud/suspicious activity detected using the name of the Company, the customer shall immediately inform 'GRO' and also report such platforms/apps to RBI using their Sachet portal (<https://sachet.rbi.org.in>)
- 6) Customer shall be communicated with customer service and grievance redressal mechanism as per FPC.