

AVANSE FINANCIAL SERVICES LIMITED

Fair Practices Code

(Updated on 12 August 2024)

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 amended pursuant to the **Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023** 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, Notification No. DOR.ORG.REC.65/21.04.158/2022-23 dated August 12, 2022, and Notification No. DOR.CRE.REC.66/21.07.001/2022-23 dated September 02, 2022, has also issued directions for sourcing of loans over Digital Lending Platforms (Digital Lending) and Outsourcing of Financial Services - Responsibilities of regulated entities employing Recovery Agents and Guidelines on Digital lending respectively. Also, the company is member of Digital Lending Association of India wherein the company is required to maintain code of conduct as defined by aforementioned Association.

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, and 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.

Note: The term ‘personal loans’ shall have the same meaning as defined in the Annex to the circular on ‘XBRL Returns – Harmonization of Banking Statistics’ dated January 04, 2018.

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 may 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/default charges late payment charges or penalties charged for late repayment, 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. Penal Charges in Loan Accounts:

- (1) 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.
- (2) The Company shall not introduce any additional component to the rate of interest and company will ensure compliance to these guidelines in both letter and spirit.
- (3) The Company shall update the existing board approved interest rate policy on penal charges or similar charges on loans.
- (4) The quantum of penal charges shall 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.
- (5) The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.

- (6) The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on Company's website under Interest rates and Service Charges.
- (7) Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.
- (8) This paragraph 7(1) to 7(8) shall come into effect from April 01, 2024. The Company shall carry out appropriate revisions in the policy framework and ensure implementation of the instructions in respect of all the fresh loans availed/ renewed from the effective date. In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date or six months from the effective date of these instructions, whichever is earlier.

8. 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.
- c) The Company shall charge interest from the date of actual disbursement of the funds to the customer.
- d) In the case of disbursal or repayment of loans during the course of the month, the Company shall charge interest only for the period for which the loan was outstanding.
- e) In case the Company is collecting one or more instalments in advance, it will not reckon the full loan amount for charging interest

9. 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.

10. Responsible Lending Conduct – Release of movable/immovable property documents on repayment/ settlement of personal loans

The Company shall adopt best practices in release of movable/ immovable property documents upon receiving full repayment and closure of loan account to avoid customer grievances and disputes in future.

To address the issues faced by the borrowers and towards promoting responsible lending, the following instructions are issued:

A. Release of movable/immovable property documents:

- (i) The Company shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days from date of full repayment/settlement of the loan account.
- (ii) The borrower shall 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 the Company where the documents are available, as per her/his preference.
- (iii) 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 of the said circular.
- (iv) In order to address the contingent event of demise of the sole borrower or joint borrowers, NBFCs shall have a well laid out procedure for return of original movable/immovable property documents to the legal heirs. Such procedure shall be displayed on the website of NBFCs along with other similar policies and procedures for customer information.

B. Compensation for delay in release of movable/immovable property documents:

- (i) 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 from date of full repayment/ settlement of loan, the Company shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the Company, it shall compensate the borrower at the rate of ₹5,000 for each day of delay.
- (ii) In case of loss/damage to original movable/immovable property documents, either in part or in full, the Company shall 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 as indicated at clause (ii) above. However, in such cases, an additional time of 30 days will be available to the NBFCs to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).
- (iii) The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

C. Applicability:

The instructions in paragraph B above shall be applicable to all cases where release of original movable/immovable property documents falls due on or after December 01, 2023

11. Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans

- (1) The company shall consider the repayment capacity of the borrowers at the time of sanction of EMI based floating rate Education loans to ensure that there is adequate headroom / margin is available for elongation of tenor and/ or increase in EMI, in the scenario of possible increase in the interest rates during the tenor of the loan.

The Company has put in place an appropriate policy framework to meet the following requirements for implementation and compliance:

- (i) At the time of sanction, the Company shall clearly communicate to the borrowers about the possible impact of change in 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, the company shall provide the option to the borrowers to switch over to a fixed rate as per their 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/pre-payment 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 be transparently disclosed in the sanction letter and also at the time of revision of such charges/ costs by the Company from time to time.
- (v) The Company shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.
- (vi) The Company 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. The Company shall ensure that the statements are simple and easily understood by the borrower.
- (2) Apart from the equated monthly instalment loans, these instructions would also apply, *mutatis mutandis*, to all equated instalment-based loans of different periodicities.
- (3) The Company shall ensure that the above instructions are extended to the existing as well as new loans suitably by December 31, 2023. All existing borrowers shall be sent a communication, through appropriate channels, intimating the options available to them.

12. 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, penal charges 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 the matter of recovery of loans, the Company or its agents will resort only to remedies which are legally and legitimately available to it and will not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls, persistently calling the borrower and/ or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, making false and misleading representations, and will not resort to use of muscle power for recovery of loans, etc. The Company will make all efforts so that its staff is adequately trained to deal with the customers in an appropriate manner.
- d. 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**.

13. Grievance Redressal Mechanism:

The Company has laid down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard which ensures that all disputes arising out of the decisions of the Company's functionaries are heard and disposed of at the next higher level.

The Board of Directors shall also periodically review the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at periodic intervals.

Great services help companies to drive the customer acquisition, retention and service efficiency. In line with the said philosophy, the Company follows a four (4) 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
E Wing, 4th Floor,
Times Square, Andheri Kurla Road,
Gamdevi, Marol,
Andheri (East),
Mumbai – 400 059, 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. At such level, if the Company is able to adequately investigate and examine the issue, it shall endeavour to respond to the same within a period of 14 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 14 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

(a) 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 for a period of 14 days or they are dissatisfied with the resolution given, they are required to contact Grievance Redressal Cell of the Company:

Kind Attn: Senior Grievance Redressal Manager
Avanse Financial Services Limited
 E Wing, 4th Floor,
 Times Square, Andheri Kurla Road,
 Gamdevi, Marol, Andheri (East),
 Mumbai – 400 059, Maharashtra.
Email: grievanceredressalcell@avanse.com
Telephone : 1800-266-0200

3. Level 3 :

In case the customer is not satisfied with the decision of the Grievance Redressal Cell, he may approach the Grievance Redressal Officer (GRO) of the Company:

Kind Attn: Mr. G.D. Patil
Grievance Redressal Officer (GRO)
Avanse Financial Services Limited
 E Wing, 4th Floor,
 Times Square, Andheri Kurla Road,
 Gamdevi, Marol,
 Andheri (East),
 Mumbai – 400 059, Maharashtra.
Email: gro@avanse.com
Telephone: 022- 6859 9999

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

4. Level 4:

A. If the complaint is not redressed within a period of 30 days or if the customer is dissatisfied with the resolution received at Level 3 hereinabove, the customer may further escalate to Ombudsman via CMS Portal or Electronic / Physical mode by following procedure as mentioned in point 3.1 (**Salient features of NBFC Ombudsman Scheme**) of below table:

#	Particulars	Click on the Link
3.1	Salient features of NBFC Ombudsman Scheme	https://www.avanse.com/grievance-redressal-mechanism#ombudsman-scheme
3.2	Format of complaint to Ombudsman	https://www.avanse.com/grievance-redressal-mechanism#ombudsman-scheme

3.3	Contact details of Nodal Officers of Avanse	https://www.avanse.com/ombudsman-scheme/nodal-officers-details
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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.**

14. General:

- (a) The Company shall not discriminate on grounds of sex, caste & religion in the matters of lending.
- (b) The Company will refrain from interference in the affairs of the borrower except for the purposes provided 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).
- (c) 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.
- (d) The Company will not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s), in line with the regulatory requirement.
- (e) 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.
- (f) 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.
- (g) The Company shall periodically review this Code basis its business and regulatory requirements.
- (h) 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.

15. Policy for determining interest rates, processing and other charges:

To ensure that the Customers are not charged excessive interest rate and charges on loans and advances by the Company, the Board of the Company has adopted a Policy for Determining Interest Rates, Processing and Other Charges (“Interest Rate Policy”). Further the Board of the Company shall undertake periodical review of the said Policy for Determining Interest Rates, Processing and Other Charges.

16. Loan facilities to the physically/visually challenged:

The Company shall not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. All branches of the Company shall render all possible assistance to such persons for availing of the various business facilities. The Company shall include a suitable module containing the rights of persons with disabilities guaranteed to them by the law and international conventions, in all the training programmes conducted for their employees at all levels. Further, the Company shall ensure redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism.

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 and its authorised agents
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 08:00 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, referees is strictly prohibited.
16. Not send inappropriate messages either on mobile or social media.

17. Shall not make any kind of false and misleading representations to the customer.
18. All the communications in connection to collections/recovery of dues shall be done only on the contact details provided by the customer.
19. Necessary caution shall be taken to ensure that minor's are not contacted for financial transactions. More importantly communications related to collections/recovery of dues shall be with the customers/loan applicants (i.e. person attaining majority).
20. In the matter of recovery of loans, the collection team or its authorised agents will resort only to remedies which are legally and legitimately available to it and will not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls, persistently calling the borrower and/ or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, making false and misleading representations, and will not resort to use of muscle power for recovery of loans, etc.

Annexure B

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 Company shall provide a Key Fact Statement (KFS) to the borrower before the execution of the contract in a standardized format for all digital lending products.
- 3) The KFS shall, apart from other necessary information, contain the details of APR, the recovery mechanism, details of grievance redressal officer designated specifically to deal with digital lending/ FinTech related matter and the cooling-off/ look-up period.
- 4) 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.
- 5) The sanction letter shall be issued to the borrower on Company's letter head prior to entering into a loan agreement.
- 6) The Company shall ensure that their DLAs or DLAs of their LSPs at on-boarding/sign-up stage, prominently display information relating to the product features, loan limit and cost, *etc.*, so as to make the borrowers aware of these aspects.
- 7) A borrower shall be given an explicit option to exit digital loan by paying the principal and the proportionate APR without any penalty during **Cooling off/look-up period**. The cooling off period shall be determined by the Company. The period so determined shall not be less than three days for loans having tenor of seven days or more and one day for loans having tenor of less than seven days. For borrowers continuing with the loan even after look-up period, pre-payment shall continue to be allowed as per extant RBI guidelines⁶.
- 8) 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.
- 9) 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>)
- 10) Customer shall be communicated with customer service and grievance redressal mechanism as per FPC.

Note: 1st level approach for redressal of customer grievances shall be respective Digital lending partners

- 11) The Company shall ensure that they and the Lending Service Provider (LSP) engaged by them shall have a suitable nodal grievance redressal officer to deal with FinTech/ digital lending related complaints/ issues raised by the borrowers and shall also deal with complaints against their respective Digital Lending App (DLA). Further, contact details of grievance redressal officers shall be prominently displayed on the websites of the Company, its LSP and on DLA.

- 12) The Company shall communicate to the borrower, at the time of sanctioning of the loan and also at the time of passing on the recovery responsibilities to an LSP or change in the LSP responsible for recovery, the details of the LSP acting as recovery agent who is authorised to approach the borrower for recovery.
- 13) The Company shall ensure all their DLA and LSP act in accordance with the guidelines as stated in circular dated September 02, 2022 on Guidelines on Digital Lending and circular dated June 08, 2023 on framework for Settlements and Technical write-offs.