

Avendus[^]

AVENDUS FINANCE PRIVATE LIMITED

FAIR PRACTICES CODE

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Version	Effective Date	Created by	Approved by	Description of change
1.0	March 30, 2017	Compliance Team	Board of Directors	---
1.1	March 4, 2020	Compliance Team	Board of Directors	Updated in line with the amended RBI Guideline
1.2	April 7, 2022	Compliance Team	Board of Directors	Addition of clause on no discrimination on the ground of disability and clause on grievances redressal for disabled borrower
1.3	March 29, 2023	Compliance Team	Board of Directors	Addition of reference of Preservation of Documents and Archival Policy Addition of Clause on Sharing of Information in Information Secrecy part

1.4	February 08, 2024	Compliance Team	Board of Directors	Amended pursuant to RBI Circular on Fair Lending Practice - Penal Charges in Loan Accounts, RBI Circular on Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loan and pursuant to guideline on Responsible Lending Conduct - Release of Movable/immovable Property Documents on Repayment/Settlement of Personal Loans dated September 13, 2023
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1. PREAMBLE

- 1.1. This Fair Practices Code ("Code") sets out the minimum practices to be followed by Avendus Finance Private Limited (the "Company") while dealing with the customers. This Code is formulated in pursuance of the guidelines issued by the Reserve Bank of India ("RBI") on fair practices code for non-banking financial companies ("NBFCs"), to ensure better service and provide necessary information to customers to take informed decisions in respect of the financial facilities and services to be availed by them and will apply to all categories of loan products and services offered / to be offered by the Company, as contained in the Master Circular-Fair Practices Code issued by the RBI on July 1, 2015, bearing circular no. DNBR (PD) CC.No.054103.10.11912015-16 and under the Master Direction - Reserve Bank of India (Non-Banking Financial Company-Scale Based Regulation) Directions, 2022 as amended from time to time, RBI Circular on Fair Lending Practice – Penal Charges in Loan Accounts and RBI Circular on Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans . This Code will supersede the existing policy passed by the Board earlier.
- 1.2. This Code will apply across all aspects of the Company's lending operations including marketing, loan origination, processing, servicing and collection activities. The Company's commitment to the Code will be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology.
- 1.3. The Company's board of directors and the management are responsible for establishing practices designed to ensure that its operations reflect a strong commitment to fair lending and that all employees are aware of that commitment.

2. OBJECTIVES

- 2.1. This Code has been developed to ensure fair practice to customers as below:
 - 2.1.1. To ensure fair practices while dealing with customers and promote good, fair and trustworthy practices by setting minimum standards in dealing with customers.
 - 2.1.2. To ensure greater transparency enabling customers in having a better understanding of the product and taking informed decisions
 - 2.1.3. To promote a fair and cordial relationship with the customers
 - 2.1.4. To ensure that the Company provides certain credit products, which are suitable for individuals and relatively smaller entities which may possess limited understanding of financial products. This Code is intended to provide assurance to the Company's clients of the Company's commitment to fair dealing and transparency in its businesses irrespective of the financial sophistication of the client.
 - 2.1.5. To ensure that clients are advised of the terms and conditions of products / services provided in a comprehensive manner for their consideration prior to commitment of a transaction.
 - 2.1.6. To ensure that monitoring and administration of client accounts is carried out in a fair and transparent manner consistent with the terms and conditions of the products / services provided.
 - 2.1.7. To attempt in good faith to resolve any disputes or differences with customers by

setting up a grievance redressals system within the Company.

2.1.8. To ensure compliance of regulations prescribed by the RBI relating to fair practices.

3. APPLICATIONS FOR LOANS AND THEIR PROCESSING

- 3.1. All communications to the borrower shall be in English language with an option to choose a vernacular language as understood by the borrower.
- 3.2. As a part of the loan process, to inter alia ensure utmost transparency, the Company will provide all necessary information to the customer along with the term sheet / loan application as the case may be, including fees / charges, if any, payable for including for processing the loan application.
- 3.3. The customer shall be explained the processes involved till the sanction and disbursement of the loan and will be notified of the timeframe within which all the processes for such sanction and disbursement are expected to be completed.
- 3.4. The Company may occasionally find calling for additional information and support documentation necessary for the purpose of processing a client application. The need for calling for such additional information and support documentation shall, in all such cases, be explained to the client and a reasonable time shall be provided to the customer for submission of the same.
- 3.5. The Company shall provide acknowledgement for receipt of all loan applications. The acknowledgement shall preferably include the time frame within which loan applications will be disposed off.

4. LOAN APPRAISAL AND TERMS AND CONDITIONS

- 4.1. The Company shall at first, conduct a due diligence on the credit worthiness of the borrower, which will be an important parameter for taking decisions on the loan application. The assessment would be in line with the Company's credit policies and norms and procedures in respect thereof.
- 4.2. The Company shall not discriminate in extending products and facilities including loan facilities to physically / visually challenged applicants on grounds of disability.
- 4.2. The Company shall convey in writing to the borrower in English language with an option to choose a vernacular language as understood by the borrower, by means of a sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and shall keep on record the acceptance of these terms and conditions by the borrower.
- 4.3. Further the penal charges chargeable for late payment/repayment of dues by the borrower to be provided, in bold in the loan agreement.
- 4.4. All the fees / charges / interest would be payable by the borrower as per the agreements executed with the Company. Syndication fees for cases where the Company acts as an arranger in relation to the loan shall be set out in the individual engagement letters.
- 4.5. The Company shall furnish a copy of the loan agreement preferably in the vernacular language as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.

5. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

- 5.1. Once sanctioned, the loan shall be disbursed within the timeframe stipulated therefor in the sanction letter/ loan agreement, subject to compliance of all the terms and conditions of the sanction by the borrower.
- 5.2. The Company shall give notice to the borrower in English language with an option to choose a vernacular language as understood by the borrower of any change in the terms and conditions of the loan, including disbursement schedule, interest rates, service charges, prepayment charges, etc.
- 5.3. Any changes in interest rates and charges shall be effected only prospectively. The loan agreement shall contain the necessary provisions in this regard.
- 5.4. All communications, like acceptances (including for amendments or addendum) with the customer in relation to the sanction /facilities / loan / mandate/ proposals shall be in writing and preserved for a minimum period as defined under the policy for record retention.
- 5.5. Notwithstanding all of the above the lender reserves the right to not disburse the facility if it deems it necessary.

6. POST DISBURSEMENT SUPERVISION

- 6.1. Any decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
- 6.2. The Company shall release all securities on repayment of all dues or on realization of the outstanding amount of the loan subject to any legitimate right or lien for any other claim the Company may have against the borrower. If the right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled / paid.

7. RATE OF INTEREST

- 7.1. The rate of interest shall be arrived at after taking into account relevant factors such as cost of funds, margin, and risk premium, in accordance with the Company's Interest Rate Policy. The Company shall comply with all provisions of the Interest Rate Policy in relation to the grant of loans by the Company, in connection with the charging of interest, pre-payment options, penal charges etc.

8. INFORMATION SECRECY

- 8.1. All personal information of the customer will be considered as confidential and will not be disclosed by the Company to any Third Party, subject to disclosure made pursuant to the following paragraph. The term 'Third Party' excludes all law enforcement agencies, the Credit Information Bureau, RBI, other banks and financial institutions, any other state, central or other regulatory body, including courts and tribunals having jurisdiction.
- 8.2. Notwithstanding the foregoing paragraph, customer information will be disclosed by the

Company only under the following circumstances, namely:

- 8.2.1. Where the consents to such disclosure, in writing;
- 8.2.2. If the Company is required by law to make such disclosures;
- 8.2.3. If such disclosure is required by any law enforcement agencies, the Credit Information Bureau, RBI, other banks and financial institutions, any other state, central or other regulatory body, including courts and tribunals having jurisdiction; and
- 8.2.4. If it is in the public interest to disclose such customer information.

8.3 Sharing of Information

- 8.3.1. The Company may provide such information to its group/associate entities or companies for which it has obtained consent/permission from its customer under loan application/sanction letter/most important terms and conditions/loan agreement.
- 8.3.2 The Company will not use customer's personal information for marketing purposes unless the customer specifically authorize us to do so.

9. GENERAL

- 9.1. The Company shall refrain from interference in the affairs of the borrower, except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).
- 9.2. In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise- i.e., objection of the Company, if any- shall be conveyed to the borrower within 21 days from the date of receipt of such request. Such transfer shall be as per transparent contractual terms in consonance with law.
- 9.3. In the matter of recovery of loans, the Company shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. The Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner, so as to avoid the staff behaving in a rude manner while dealing with customers.
- 9.4. As a measure of customer protection, the Company shall not charge foreclosure charges / pre-payment penalties on all floating rate term loans sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).
- 9.5. The Company will call delinquent customers between 9.00 am to 9.00 pm unless special circumstances of the borrower's business requires calling them outside the hours mentioned above.
- 9.6. The Company may arrange for enforcing security charged to it of the delinquent borrower, if required, with an aim only to recover dues and will not be aimed at whimsical deprivation of the underlying security. The Company shall ensure that the entire process of enforcing security, valuation and realization thereof be fair and transparent.

10. GRIEVANCE REDRESSAL MECHANISM

10.1. The following grievance redressal mechanism shall be adopted to resolve any grievance:

10.1.1. All grievances including grievances by persons with disabilities received in writing or otherwise shall be recorded and shall be escalated to the next higher level unless it is resolved to the satisfaction of the borrower/client within seven days of receipt;

10.1.2. The Company shall have a Grievance Redressal Committee (**Grievance Redressal Committee**) comprising of at least 3 Directors including a Chairperson who shall be a non-executive Director and Principal Officer of the Company as permanent invitee of the Committee - to resolve disputes arising, if any, in this regard.

10.1.3. The Grievance Redressal Committee shall meet atleast once in a year and at such times as the Chairperson or any Member of the Committee may deem appropriate, or it shall meet within a period of 3 weeks from the date of receiving any grievance intimation. The Committee shall ensure that all disputes arising out of the decisions of the Company's functionaries are suitably heard and disposed of at least at the next higher level.

10.1.4. The Company shall review, on a yearly basis, compliance of this Code and the functioning of the grievance redressal mechanism at various levels of management. A consolidated report of such review may be submitted to the board of directors of the Company in the first Board Meeting held after the end of each year.

10.2. For grievances, customers can write to:

The Grievances Redressal Committee

Aventus Finance Private Limited
901, Platina, 9th Floor, Plot No. C-59,
Bandra Kurla Complex, Bandra (E), Mumbai 400051

10.3. The Company shall display the following information prominently, for the benefit of its customers, at the branches / places where business is transacted:

- The name and contact details (Telephone / Mobile nos. as also email address) of the grievance redressal officer who can be approached by the public for resolution of complaints against the Company.
- Reserve Bank- Integrated Ombudsman Scheme, 2021 (Scheme)
- Salient features of the Scheme in English and in regional language

10.4. If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of DNBS of RBI under whose jurisdiction the registered office of the Company falls.

10.5. The public notice referred to above shall serve the purpose of highlighting to the customers the grievance redressal mechanism followed by the Company, together with details of the grievance redressal officer and of the Regional Office of the RBI.

10.6. This Code shall to be put up on the Company's website (if any) for the information of the public, including various stakeholders.

12. RESPONSIBLE LENDING CONDUCT –RELEASE OF MOVABLE/IMMOVABLE PROPERTY DOCUMENTS ON REPAYMENT/SETTLEMENT OF PERSONAL LOANS

The Company shall release all the original movable/immovable property documents and remove the charges registered with any registry within a period of 30 days after full repayment/settlement of loan account.

The Company will abide by this Code following the spirit of the Code and in the manner it may be applicable to the business.