

LOAN DOCUMENT RECORD RETENTION POLICY

1. Preamble:

For Aavas Financiers Limited (“Aavas”), it is essential to have a proper disposal control of Customer related Records/Documents, including in electronic/scanned form. The scope of this policy is to define standard procedures for disposal of Customer related Records/Documents to be preserved as various Applicable Laws and regulations. This Policy is for Disposal of Customer related Records/Documents in compliance with the applicable laws and regulations. The purpose of this process note is for the disposal of Customer related Records/Documents that are no longer required and already passed timelines for Record Retention (As per applicability).

2. Applicable Laws and Regulations:

2.1 The Company is required to retain records as per the following acts and for the below period:

S. No.	Applicable Laws and Regulations	Applicability on Customer related Record/Documents	Timelines for Record Retention (As per relevant Act)
1.	Companies Act, 2013	No	8 years
2.	Indian Evidence Act, 1872	Yes	8 years
3.	RBI Act, 1934	No	8 years
4.	Prevention of Money Laundering Act, 2002 (in reference to amendment to Section 12 of Prevention of Money Laundering Act, 2002 through Prevention of Money Laundering (Amendment) Act, 2012)	Yes	5 years (Earlier, 10 years under Prevention of Money Laundering (Amendment) Act, 2009)
5.	General records as per RBI	Yes	8 years
6.	Income Tax Act, 1961/Goods and Service Tax Act, 2017	Yes	10 years

2.2 The following overriding matters has been taken into account before disposing Customer related Records:

- a) Compliance with statutory and regulatory requirements
- b) Satisfaction of the needs of Regulatory Inspections, Auditors to have access to certain records
- c) Satisfaction of the needs of Legal Department to have access to certain records

3. Timelines for Record Retention

3.1 Based on above statutory requirements, timeline to retain customer's records by company, is as mentioned below

Documents for Retention	Timelines for Physical/Digital Record Retention
Sanctioned and Disbursed Loan Files	10 years (from the date of full settlement of Loan)
Rejected Applications	90 days (from the date of Rejection of Loan Application)

4. List of Customer related Records / documents in the purview of the policy:

4.1 All Customer related Records for Loan file to retain, which may include but not limited to:

- a) Secured loan file/papers- To be stored by external vendor
- b) Applications Forms, Agreements, Undertakings, MITC, Affidavits, etc.
- c) Banking, Income and KYC documents
- d) Documents/Reports/Undertakings for approval of Loan (Legal, Technical, RCU Reports etc.)

4.2 Any change or modification in process/procedure followed in respect of this process document flow shall come from the Department shall be recommended by respective functional head in writing to the Managing Director and CEO/CFO/CRO for its approval.

5. Monitoring of timeline:

5.1 Operations Department has custody of Sanctioned and Disbursed Loan Files, Documents and Customer related Records. These files are sent to External Vendor. Operations Department to ensure that records are retained till prescribed period as per this policy.

6. Disposal of Records:

6.1 **Physical Records:** The physical records can be disposed-off by one of the following methods:

- a) Shredding by Electric Shredder
- b) Fire
- c) Water Dump

6.2 However, as a responsible Stakeholder, Aavas shall use most efficient and Eco-friendly mode for disposal of Physical Records under its Environmental Protection Goal i.e. through shredding and their eventual sell to paper/board mills or other agencies (including donation to Charitable Institute) for conversion into pulp.

6.3 The Physical records shall be disposed-off in the manner provided in Annexure-II of this policy.

6.4 **Electronic Records:** The electronic records are to be disposed of in the following ways:

- a) All electronic records must be disposed of in a responsible and in compliance by the IT department with prior approval from CTO in consultation with CISO and CRO.
- b) Records that are disposed through overwriting, sanitization or destruction must get a written disposition certificate as proof that disposal has taken place. This certificate asserts that the records have been destructed or disposed-off, and the activity has been verified to ensure all identified electronic data has been removed.

6.5 Company may use the expertise and experience of a professional records management service for secure data / record disposition.

6.6 Company shall dispose the records as per details provided in Annexure-II of this policy.

7 Suspension of Record Disposal for cases under Litigation, Fraud, willful default or write offs

7.1 Disposal of cases under litigation, fraud or write offs shall be suspended until such time the case is closed and after confirmation from head of legal recovery department. This suspension shall apply to all records pertinent to a case or anything likely to lead to the discovery of admissible evidence.

7.2 Above functional head shall take such steps as is necessary to promptly inform operations department of such suspension in the future disposal of documents.

Date of Approved by the Board: April 24, 2025

Date of last review/amendments by the Board: February 05, 2026

Version: 2.0

Annexure I

Certificate of Disposal

I/ We _____ & _____, do here by certify that the below listed document has been disposed-off in my/our presence and the document was no longer meaningful to Aavas Financiers Limited for retention. I/ We also declare that we have taken the prior approval from _____ (Name & Title) before disposed-off the records

	Loan No.	No. of Pages/Documents	Applicant Name

Name, Emp. ID and Sign of official 1: _____

Name, Emp. ID and Sign of official 2: _____

(If record is disposed-off at vendor's place)

Vendor Name: _____

Vendor Signature: _____

Date: _____

Annex-II**Modus Operandi for Loan Document Disposal**

Steps	Activities/Stage	Department	Time/Condition
Rejected Applications			
1	Compilation of data for Rejected applications and files of reject applications send to Sales/Credit Team of respective branch	Sales/Credit Team including Sales/Credit Team of respective branch	Monthly basis (15 th day of subsequent month)
2	Retaining of Rejected applications	Sales Team/Credit Team of respective branch	90 days from the date of compilation of data as provide in step 1
3	Publishing MIS of files disposed-off every month	Credit Team	90 days from the date of compilation of data as provide in step 1
4	MIS Published to Zonal Credit Head for approval	Credit Team	-
5	Disposed-off files in presence of minimum two employees of the company of grade M5 or above.	Branch Head + Credit Team + Risk Team + Legal Team (any two)	After completion of step 4
6	Maintaining MIS on record at HO	Credit Team	After Completion of Step 5
Sanctioned and Disbursed Loan Files			
1	Monitoring of Sanctioned and Disbursed Loan files in which the loan is repaid in full settlement	Operation Team	T Days
2	Property documents along with NOC were handed over to the clients at the time of closure of the loan	Legal Team + Operations Team	T Days

3	Confirmation that loan is whether in litigation, fraud, or write offs	Legal Recovery Team + Accounts Team	T Days
2	Retention of Loan files for Retention Period	Operations Team	T+10 years
3	Publishing MIS of files completed retention Period	Operations Team	June Month of Every year
4	MIS Published to Legal, Collection, Accounts, Operations and Audit Head for Objection, if any Note: Files disposed by respective team if no objection received within 15 days. No follow ups taken for retention	Operation Team	After Completion of Step 3+ 15 days
5	Assurance taken that no property documents (True Copies) are present in files.	Legal Team	-
6	Seeking Approval for Disposal	Operation Team	-
7	Disposal of files in presence of minimum two employees of the company of grade M6 or above.	Operation Team + Risk Team + Compliance Team + Legal Team (any two)	After completion of step 6
8	Maintaining MIS on record at HO	Operation Team	After Completion of Step 7

Note:

1. Documents in Rejected Application files can be returned back to customer, only if sends written request for it to Branch/Customer Service Department within 45 days of Rejection
2. Operation/Legal Team need to ensure there are no property documents (True Copies) are present in files.