
INFORMATION BOOKLET



AAVAS FINANCIERS LIMITED

(CIN: L65922RJ2011PLC034297)

Regd. & Corporate Office:

201-202, 2nd Floor, South End Square,

Mansarover Industrial Area, Jaipur-302020 (Rajasthan)

Phone: +91 141 6618800

Website:-www.aavas.in

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A. LIST OF PRODUCTS OFFERED BY THE COMPANY:-

- I. HOUSING AND OTHER RELATED LOAN
 - A. HOUSE PURCHASE LOAN
 - B. HOUSE CONSTRUCTION LOAN
 - C. HOUSE REPAIR, RENOVATION AND EXTENSION LOAN
 - D. PURCHASE CUM CONSTRUCTION LOAN
- II. LOAN AGAINST PROPERTY
- III. MSME LOAN
- IV. OTHER LOANS

B. CUSTOMER SERVICE INFORMATION:

I. Key Interest Rates on loans offered:-

Product	Loan Slab	Rate of Interest (per annum)*
Housing Loan	Any amount	8.50 onwards
Non-Home Loan and Other loans	Any amount	11 onwards
MSME Loan	Any amount	11 onwards

* The above standard rate of interest, may have some changes base on the Credit Checks, property paper/Business vintage and other parameters with the appropriate approvals

Factors affecting Home Loan Interest Rate and Related Loan Products:

1. **Customer Profile:** Borrowers such as salaried or self-employed having documented income or assessed income.
2. **Credit History:** Credit score has emerged as a critical factor in securing loans at reasonable interest rates. Credit score is a statement of repayment history, financial discipline or habits, and creditworthiness. A lower credit score portrays a high credit risk, which would cause lenders to charge a higher rate of interest in order to cover their risks and vice-versa.
3. **Property Type:** The location of property e.g village panchayat, Nagar Parishad or municipal cooperation and Development authorities' properties etc.
4. **Type of Interest Rate:** Aavas offers fixed rate and floating rate method for Rate of Interest. Floating interest rates change based on changes in the AFL Prime Lending Rate. Fixed rate and its tenure is depending upon specific borrowings like affordable housing fund, urban low income funds, any other specific scheme from NHB, and other fixed rate borrowing from Financial Institutions (Banks, Mutual Fund, Bond Market, FIs, Multi-lateral Institutions etc.). Based on the above, fixed rate of interest is at a periodic rest.
5. **Risk Premium:** Base risk premium to cover business related risks.



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6. **Market Dynamics:** It includes market scenarios and competitive intensity.

Additional Factors affecting Loan against Property, MSME Business Loan and Related Loan Products:

- 7. **Nature of Business:** The nature of business is defined by activities that individual/company engages in. It is crucial factor in determining term loan interest rates as it helps the lender in examining whether business is profitable or not.
- 8. **Business Vintage and Turnover:** Established businesses have a proven track record of handling credit. Unlike new businesses, they provide the lender with a sense of security, which translates into lower interest rates. Healthy business financials mean consistency in revenues and hence, a significantly comfortable loan amount and repayment terms.
- 9. **Repayment Tenure:** Loans with shorter tenure can get lower pricing as according to the borrowing for shorter tenure, (even if the EMIs are higher) than loans with a longer tenure (which will have lower EMIs but a higher interest rate).
- 10. **Loan Ticket Size:** Lower ticket loans have higher operational costs.

II. Classification of Account as Special Mentioned Account (SMA) and Non-Performing Asset (NPA):

- a) Borrower shall pay EMI/PEMII on or prior to due date as mentioned in schedule.
- b) In event of any default in payment of interest/ principle/EMI or PEMII on day end of due date , the account of borrower shall be classified as following:

SMA Sub-categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue
SMA-0	Upto 30 days
SMA-1	More than 30 days and upto 60 days
SMA-2	More than 60 days and upto 90 days
NPA	More than 90 days

- c) Further, classification of borrower accounts as SMA as well as NPA shall be done as part of day-end process for the relevant date and the SMA or NPA classification date shall be the calendar date for which the day end process is run.
- d) Once the loan is classified as an NPA, it shall remain so until and unless the entire full overdue of EMI/PEMI amount has been paid by Borrower. The reporting to Credit Bureaus and Regulatory Authorities and initiating action under SARFAESI Act, would be in accordance.
- e) The loan account can be upgraded to standard classification on payment of entire overdue of EMI/PEMII in full.

f) **Illustrative Example:**

Mr. A Has taken loan from Aavas Financiers Limited which he need to repay in 10 years while paying EMIs on monthly basis (frequency). His due date for paying EMI is 5th day of every month. Mr. A supposed to pay his EMI for month of November on due date which is November 05, 2021. Mr. A did not pay his EMI at day-end process for this date, the date of overdue of Mr. A's account shall be November 05, 2021 and his loan account shall be tagged as SMA-0. If Mr. A continues to not paying remain overdue for continuous 30 days, at the day end process of completion of 30th day i.e. December 05, 2021, his loan account shall get tagged as SMA-1. Similarly, Mr. A continues to not paying his EMI, his loan account remain overdue and at the end of next 30 days from December 05, 2021, at the day end process of completion of next 30th day i.e. January 04, 2022, his loan account shall get tagged as SMA-2 at the day end process. Mr. A continuous



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to remain overdue further, it shall classified as NPA upon running day end process of next 30 days, that is February 03, 2022.

III. Types of Charges/ fees:-

- Processing Charges** 2% + GST (on the sanctioned value) to be collected before disbursement or deducted from first disbursement, as per customer's consent
- Administrative Fees** 2% + GST (on the sanctioned value) to be collected before disbursement or deducted from first disbursement, as per customer's consent
- Service Charges** As per Clause C of the booklet

C. SERVICE CHARGES:-

List of Customer service charges pertaining to the Loan are as follows:-

Description		Charges
UPFRONT CHARGES (CHARGES BEFORE/DURING DISBURSEMENT) :		
1.	Processing Charges	2% + GST (on the sanctioned value) to be collected before disbursement or deducted from first disbursement, as per customer's consent
2.	Administrative Fees	2% + GST (on the sanctioned value) to be collected before disbursement or deducted from first disbursement, as per customer's consent
3.	Initial Money Deposit (IMD Fees)	5,000 + GST (Non-refundable, part of processing or administrative fees, linked to loan amount)
4.	Non postal stamp/ stamp duty	As applicable law of the state
5.	Non-encumbrance Certificate/ Legal Verification Report	Charges applied Rs. 6000/-+GST
6.	RCU Charges	Rs.1000/-+ GST
7.	Valuation/Technical Fee	Rs. 3000/-+ GST for each report
8.	Technical Visit Charges for Tranche Disbursement (As Applicable)	Rs. 300/- + GST
9.	CERSAI: Creation/modification of Charge	Rs. 100/- + GST (for loans above 5 Lacs) and; Rs. 50/- + GST (for loans upto 5 lacs) or as per the charges levied by CERSAI
10.	ROC charge creation	As per actuals (where applicable)
11.	Completion Certificate	Rs. 500/-+ GST
12.	Post Disbursement Document (PDD) Charges	0.25% of Loan Amount + GST
CUSTOMER SERVICE CHARGES:		
1.	Part-Prepayment /Foreclosure Charges on loan	A) Floating Rate of Interest For loans sanctioned to Individual and/or Non-Individual borrowers with or without co-borrower(s), no charges shall be payable on account of part or full prepayments made through any sources, except when the loan is sanctioned for business purpose.



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		<p>However, no pre-payment charges shall be levied on loans for business purposes, sanctioned on or after January 1, 2026, to individuals and Micro or Small Enterprises (MSEs) where the sanctioned amount or limit is up to Rs.50 lakh, with or without co-borrowers.</p> <p>In the above scenarios, wherever applicable, charges shall be payable on account of part or full prepayments as under:</p> <ol style="list-style-type: none"> 1. Loan foreclosed or pre-paid within 12 months of the first disbursement: 5%+ GST as applicable, on full or part principal o/s being pre-paid. 2. Loan foreclosed or pre-paid after 12 months of the first disbursement: 3% + GST as applicable, on full or part principal o/s being pre-paid. <p>Following loans shall qualify as business loan: MSME Loans, Loans against property / Home Equity Loan for Business Purpose i.e. Working Capital, Balance Transfer of Business Loan, Expansion of business, Acquisition of Commercial asset, any similar end usage of funds and any loan taken for business purposes.</p>
		<p>B) Fixed Rate of Interest For any Home loan sanctioned to Individual and/or Non-Individual borrowers with or without co-borrower(s), no charges shall be payable on account of part or full prepayments made through own sources.</p> <p>For Home loan prepaid through other than own source and Non-Home loan prepaid irrespective of any source, with or without co-borrower charges applicable as under:</p> <ol style="list-style-type: none"> 1. Loan foreclosed or pre-paid within 12 months of the first disbursement: 5%+ GST as applicable, on full or part principal o/s being pre-paid. 2. Loan foreclosed or pre-paid after 12 months of the first disbursement: 3% + GST as applicable, on full or part principal o/s being pre-paid. <p>The expression "own sources" for this purpose means any source other than borrowing from a Bank/HFC/NBFC or any other Financial Institution. The customer will be required to submit such documents that company may deem fit & proper to ascertain the source of funds at the time of prepayment of the loan</p>
		<p>The part pre-payment/foreclosure charges as mentioned above are as on date of execution of this loan agreement, however they are subject to change as per prevailing policies of Aavas and accordingly may vary from time to time. Borrowers are requested to refer to www.aavas.in for the latest charges applicable.</p>
2.	Cheque/ ECS/ACH bounce charges (Per instrument/ Transaction)	Rs. 500/- plus GST, if applicable



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3.	Interest on unpaid PEMI/EMI	Interest on delayed payment on outstanding PEMI/EMI shall be levied at the contractual rate till the date of remediation.
4.	Delay Payment Charges	5% per annum for no. of days delayed in EMI/PEMI from due date plus GST, if applicable
5.	Other Penal Charges for: a) Non-compliance related to creation of security or register charges or continuation of security b) Non-compliance / Breach of important or material representations and warranties c) Default in performance of Covenant clause of loan agreement	1% for days of default (plus GST, if applicable) on loan outstanding, if deemed suitable as deterrent to such default. There will be no capitalization of such charges i.e., no further interest computed on such charges.
6.	Copy of property Papers	Rs. 600/- + GST
7.	Loan/Disbursement cancellation charges (As Applicable)	1. For Loan Sanction amount up to 10 lacs -Rs. 1,500/- +GST 2. For Loan Sanction amount between 10 lacs-25 lacs- Rs.2,500/- + GST 3. For loan Sanction amount greater than 25 lacs- Rs.5,000/- +GST
8.	Document Retrieval Charges	Rs. 500/- plus applicable taxes (GST) and/or other statutory levies
9.	Loan Prepayment / Closure (fully) statement / SOA/ repayment Schedule Charges	Rs. 600/- + GST
10.	Switch/Conversion or change of Interest Rate • Floating to Floating Rate of Interest • Fixed Rate to Floating Rate and vice versa • Fixed to Fixed Rate of Interest	2% + GST on the principal outstanding (POS)
11.	Cheque/ ACH Swapping charges (per set)	
a.	PDC to PDC	Rs. 1200/- + GST
b.	PDC to ACH	NIL
c.	ACH to ACH	NIL
d.	ACH to PDC	Rs. 1200/- + GST
12.	Complaint Handling Charges	NIL
13.	Recovery (Legal/Possession & Incidental Charges)	As per actuals +GST (where applicable)
CHARGES AT THE TIME OF FORECLOSURE:		
14.	Cash Handling Charges (for pre-payment)	Rs. 5/- per thousand for cash handling + GST



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15.	CERSAI: At the time of Loan Closure:- Satisfaction of Charge (Removal of Lien)	NIL
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Charges are capped and applied uniformly for the borrowers; any waiver or reduction is non-discriminatory and based on delegation of authority.

Note: The Govt. of India has implemented the Good & Service Tax (GST) effective from 1st July, 2017. Consequently, the Service Tax rate (including cess) of 15%, as applicable to the products & services rendered by financial institutions, has been replaced by the GST rate of 18%.

D. GRIEVANCE REDRESSAL:-

AAVAS FINANCIERS LIMITED, we believe in providing the best of services to our customers. We provide customers with easy access to information, products and services, as well as the means to get their grievances redressed.

Step 1:

Any aggrieved Customer of the Company can take up the grievance with the concerned Branch Head of the Company (address of the branches are available on Company's website) during the working hours from 9:30 A.M to 6:30 P.M.

If the complaint is unresolved at Branch level, the customers can also approach:

Customer care no:- +91-0141-6618888

Customer care E-mail id:- customercare@aavas.in

If a complaint has been received, Branch/ Customer Care cell shall endeavor to send a response within 15 days from date of receipt of complaint.

Step 2:

In case Branch/ Customer Care are unable to resolve the issue within 15 days, customers have the option the escalate the same to Nodal Officer designated to handle complaints and grievance

Ms. Pratibha Sharma (Nodal Officer)

201-202, 2nd Floor, Southend Square

Mansarovar Industrial Area, Jaipur-302020

E-Mail ID: pratibha.sharma@aavas.in

Office: +91 141-4659230

Mob: +91 8003999547

Nodal officer shall endeavor to resolve the issue to the complainant's satisfaction within 15 days.

Step 3:

After exhausting the above machinery / channels, if the customer is not satisfied or in case no reply is received within the stipulated time period of one month, customer may approach or write to National Housing Bank at the below address:

National Housing Bank,

Department of Regulation and Supervision,
(Complaint Redressal Cell)
4th Floor, Core- 5A, India Habitat Centre,
Lodhi Road, New Delhi – 110 003

The complainant can also approach the Complaint Redressal Cell by lodging its complaint at the link
<https://grids.nhbonline.org.in>.

CUSTOMER SERVICE INFORMATION

- For any query and information you can connect the company through below modes between the Working Hours from 9:30 AM to 6:30 PM.
 - Contact to the Branch Manager of the Branch nearby you
 - Call to our Customer Care: +91-0141-6618888
 - Toll Free Number: 1800 20 888 20
- You can also write to us at customercare@aavas.in



 **0141 6618888** 
 **customercare@aavas.in**

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E. OTHER SERVICES PROVIDED:-

Company provides No other Services other than has been loan offered in Clause A of the booklet in its ordinary Course of Business.

F. TIME NORMS FOR COMMON TRANSACTIONS:

The following norms are indicative Standard time norms for various common Transactions:-

Sr. No	Transactions	Time Norms
1	Loan Account Statement/ Foreclosure of Loan	Within 21 working days
2	Photocopy of the title documents	Within 15 working days
3	Cash Receipt of EMI	Over the counter
4	Return of Original document on closure of the loan / Communication	Within 30 days after full repayment /settlement of loan
5	No Objection Certificate	Within 15 working days

G. POLICY ON 'KNOW YOUR CUSTOMER' AND 'ANTI-MONEY LAUNDERING MEASURES'

PREAMBLE

In terms of the provisions of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, Housing Finance Companies (HFCs) are required to follow certain customer identification procedures while undertaking a transaction either by establishing an account based relationship or otherwise and monitor their transactions in accordance with Master Direction - Know Your Customer (KYC) Direction, 2016, as amended time to time. Aavas Financiers Limited ("AAVAS") shall take steps to implement provisions of Prevention of Money-Laundering Act, 2002, the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and Master Direction - Know Your Customer (KYC) Direction, 2016, as amended from time to time, including operational instructions issued in pursuance of such amendment(s).

1. DEFINITIONS:

In these Guidelines, unless the context otherwise requires, the terms herein shall bear the meanings assigned to them below:-

Terms bearing meaning assigned in terms of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005:

- "Aadhaar number" means an identification number as defined under sub-section (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016, henceforth the 'Aadhaar Act';
- "Act" and "Rules" means the Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, respectively and amendments thereto;
- "Authentication" means the process as defined under sub-section (c) of section 2 of the Aadhaar Act;
- Beneficial Owner (BO): (a) Where the customer is a company, the BO is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have a controlling ownership interest or who exercise control through other means.

For the purpose of this sub-clause:-

"Controlling ownership interest" means ownership of/entitlement to more than 10 per cent of the shares or capital or profits of the company.

"Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders



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agreements or voting agreements. For partnership firm “control” shall include the right to control the management or policy decision.

(b) Where the customer is a partnership firm, the BO is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership off entitlement to more than 10per cent of capital or profits of the partnership or who exercises control through other means.

(c) Where the customer is an Unincorporated Association or Body of Individuals, the BO is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership off entitlement to more than 15 percent of the property or capital or profits of the Unincorporated Association or Body of Individuals.

Term 'Body of Individuals' includes Societies. Where no natural person is identified under (a), (b) or (c) above, the BO is the relevant natural person who holds the position of Senior Managing Official.

(d) Where the customer is a trust, the identification of BO shall include identification of the author of the trust, the trustee, the beneficiaries with 10 percent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

- “Certified Copy” - Obtaining a certified copy by the Aavas shall mean comparing the copy of the proof of possession of Aadhaar number where offline verification cannot be carried out or officially valid document so produced by the customer with the original and recording the same on the copy by the authorised officer of the Aavas as per the provisions contained in the Act. Provided that in case of Non-Resident Indians (NRIs) and Persons of Indian Origin (PIOs), as defined in Foreign Exchange Management (Deposit) Regulations, 2016 {FEMA 5(R)}, alternatively, the original certified copy, certified by any one of the following, may be obtained:
 - (a) authorised officials of overseas branches of Scheduled Commercial Banks registered in India,
 - (b) branches of overseas banks with whom Indian banks have relationships,
 - (c) Notary Public abroad,
 - (d) Court Magistrate,
 - (e) Judge,
 - (f) Indian Embassy/Consulate General in the country where the non-resident customer resides
- "Customer" means a person who is engaged in a financial transaction or activity with the Aavas and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.
- "Customer Due Diligence" (“CDD”) means identifying and verifying the customer and the beneficial owner using reliable and independent sources of identification.
- "Customer Identification" means undertaking the process of CDD.



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- "Designated Director" means as defined under rule 2(ba) of the PML Rules. the Managing Director or a whole-time Director designated by the Board of Directors of the Company to ensure overall compliance with the obligations prescribed by the PMLA and the PML Rules.
- Digital KYC" means the capturing live photo of the customer and officially valid document or the proof of possession of Aadhaar, where offline verification cannot be carried out, along with the latitude and longitude of the location where such live photo is being taken by an authorised officer of the AAVAS as per the provisions contained in the Act.
- "Digital Signature" shall have the same meaning as assigned to it in clause (p) of subsection (1) of section (2) of the Information Technology Act, 2000 (21 of 2000).
- "Equivalent e-document" means an electronic equivalent of a document, issued by the issuing authority of such document with its valid digital signature including documents issued to the digital locker account of the customer as per rule 9 of the Information Technology (Preservation and Retention of Information by Intermediaries Providing Digital Locker Facilities) Rules, 2016.
- "KYC identifiers" means unique number or code assigned to a customer by the Central KYC Records Registry Non-profit organisations" (NPO) means any entity or organisation that is registered as a trust or a society under the Societies Registration Act, 1860 or any similar State legislation or a company registered under Section 8 of the Companies Act, 2013.
- "KYC Templates" means templates prepared to facilitate collating and reporting the KYC data to the CKYCR for individuals and legal entities.
- "Know Your Client (KYC) Identifier" means the unique number or code assigned to a customer by the CKYCR.
- "Non-face-to-face customers" means customers who open accounts without visiting the branch/ offices of the Company or meeting the officials of the Aavas.
- "Master Direction-KYC (MD-KYC)" means Master Direction - Know Your Customer (KYC) Direction, 2016, as amended from time to time.
- "Officially Valid Document" (OVD) as defined under rule 2(l)(d) of the PML Rules and the amendments thereto. Currently, OVD means the following:
 - i. Proof of possession of Aadhaar number, in such form as issued by the UIDAI;
 - ii. Passport;
 - iii. Driving License;
 - iv. Voter's Identity Card issued by the Election Commission of India;
 - v. Job Card issued by NREGA duly signed by an officer of the State Government; and
 - vi. Letter issued by the National Population Register containing details of name and address.

provided that where the OVD furnished by the customer does not have updated address, the following documents or the equivalent e-documents there of shall be deemed to be OVDs for the limited purpose of proof of address (hereinafter referred to as "Deemed OVD"):-



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- i. utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
 - ii. property or Municipal tax receipt;
 - iii. pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
 - iv. letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and licence agreements with such employers allotting official accommodation;
- provided that the customer shall submit OVD with current address within a period of three months of submitting the documents specified above.

Explanation: For the purpose of this clause, a document shall be deemed to be an OVD even if there is a change in the name subsequent to its issuance provided it is supported by a marriage certificate issued by the State Government or Gazette notification, indicating such a change of name.

- "Offline verification" shall have the same meaning as assigned to it in clause (pa) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016).
- "On-going Due Diligence" means regular monitoring of transactions in accounts to ensure that they are consistent with the customers, customers' business and risk profile, the source of funds/wealth.
-
- "Periodic Updation" means steps taken to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records at periodicity prescribed by the Reserve Bank.
- "Person" has the same meaning as defined in the Act and includes:
 - (a) an individual,
 - (b) a Hindu undivided family,
 - (c) a company,
 - (d) a firm,
 - (e) an association of persons or a body of individuals, whether incorporated or not,
 - (f) every artificial juridical person, not falling within anyone of the above persons (a to e), and
 - (g) any agency, office or branch owned or controlled by any of the above persons (a to f).
- "PMLA" or "Act" means the 'Prevention of Money-Laundering Act, 2002', & amendments thereto.
- "PML Rules" or "Rules" means the 'Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, & amendments thereto
- "Principal Officer" means "Principal Officer" officer at the management level nominated by the Aavas, responsible for furnishing information as per rule 8 of the Rules



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- "Suspicious Transaction" means defined below, including an attempted transaction, whether or not made in cash, which, to a person acting in good faith:
 - a. gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the Schedule to the Act, regardless of the value involved; or
 - b. appears to be made in circumstances of unusual or unjustified complexity; or
 - c. appears to not have economic rationale or bona-fide purpose; or
 - d. gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

Explanation: Transaction involving financing of the activities relating to terrorism includes transaction involving funds suspected to be linked or related to, or to be used for terrorism, terrorist acts or by a terrorist, terrorist organization or those who finance or are attempting to finance terrorism.

- "Transaction" means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes:
 - a. opening of an account;
 - b. deposit, withdrawal, exchange or transfer of funds in whatever currency, whether in cash or by cheque, payment order or other instruments or by electronic or other non-physical means;
 - c. the use of a safety deposit box or any other form of safe deposit;
 - d. entering into any fiduciary relationship;
 - e. any payment made or received, in whole or in part, for any contractual or other legal obligation; or
 - f. establishing or creating a legal person or legal arrangement.
- "Video based Customer Identification Process (V-CIP)": a method of customer identification by an official of the AAVAS by undertaking seamless, secure, real-time, consent based audio-visual interaction with the customer to obtain identification information including the documents required for CDD purpose, and to ascertain the veracity of the information furnished by the customer. Such process shall be treated as face-to-face process for the purpose of this Master Direction.
- "Walk-in Customer" means a person who does not have an account-based relationship with the RE, but undertakes transactions with the Aavas.

(b) All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949, the Reserve Bank of India Act, 1935, the Prevention of Money Laundering Act, 2002, the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and regulations made thereunder, any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

GENERAL

2. Know Your Customer (KYC) Policy:

2.1. The policy of AAVAS includes following key elements:

- (a) Customer Acceptance Policy;
- (b) Risk Management;
- (c) Customer Identification Procedures (CIP);and
- (d) Monitoring of Transactions

3. Money Laundering and Terrorist Financing Risk Assessment by AAVAS:

(a) AAVAS shall carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically to identify, assess and take effective measures to mitigate its money laundering



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and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels, etc. The assessment process should consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. While preparing the internal risk assessment, AAVAS shall take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with AAVAS from time to time.

(b) The risk assessment by the AAVAS is documented along with periodicity of risk assessment in Risk Management Policy of Aavas.

(c) The outcome of the exercise shall be put up to the Risk Management committee of the Board and should be available to competent authorities and self-regulating bodies.

AAVAS shall apply a Risk Based Approach (RBA) for mitigation and management of the identified risk and should have Board approved policies, controls and procedures in this regard. AAVAS shall implement a CDD programme, having regard to the ML/TF risks identified (by the Aavas itself) and the size of business, for mitigation and management of the identified risk. Further, AAVAS shall monitor the implementation of the controls and enhance them if necessary.

4. Compliance of KYC policy:

AAVAS shall ensure compliance with KYC Policy through:

(a) Specifying as to 'Senior Management' for the purpose of KYC compliance:- Ripudaman Bandral, Chief Credit Officer

(b) Allocation of responsibility for effective implementation of policies and procedures;

(c) Independent evaluation of the compliance functions of AAVAS policies and procedures, including legal and regulatory requirements.

(d) Concurrent/internal audit system to verify the compliance with KYC/Anti-Money Laundering (AML) policies and procedures.

(e) Submission of quarterly audit notes and compliance to the Audit Committee.

Aavas ensured that decision-making functions of determining compliance with KYC norms are not outsourced.

5. CUSTOMER ACCEPTANCE POLICY

The AAVAS shall have to ensure and placed elaborate standard procedures on the following aspects of customer relationships in Company, without prejudice:

(a) No account is opened in anonymous or fictitious/benami name;

(b) No account is opened where the AAVAS is unable to apply appropriate CDD measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer. Aavas shall consider filing an STR, if necessary, when it is unable to comply with the relevant CDD measures in relation to the customer.

(c) No transaction or account based relationship is undertaken without following the CDD procedure.

(d) The mandatory information to be sought for KYC purpose while opening a loan account and during the periodic updation, is specified.

- (e) Optional additional information, is obtained with the explicit consent of the customer after the loan account is opened.
- (f) AAVAS shall apply the CDD procedure at the Unique Customer Identification Code (UCIC) level. Thus, if an existing KYC compliant customer of AAVAS desires to open another account or avail any other product or service with the AAVAS, there shall be no need for a fresh CDD exercise as far as identification of the customer is concerned.
- (g) CDD Procedure is followed for all the joint loan account holders, while applying in joint.
- (h) Circumstances in which, a customer is permitted to act on behalf of another person/ entity, is clearly spelt out.
- (i) Suitable system is put in place to ensure that the identity of the customer does not match with any person or entity, whose name appears in the sanctions lists circulated by Reserve Bank of India from time to time.
- (j) Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.
- (k) Where an equivalent e-document is obtained from the customer, Aavas shall verify the digital signature as per the provisions of the Information Technology Act, 2000.
- (l) Where Goods and Services Tax (GST) details are available, the GST number shall be verified from the search/verification facility of the issuing authority

It is important to bear in mind that the adoption of Customer Acceptance Policy and its implementation should not result in denial of AAVAS's services to general public, especially to those, who are financially or socially disadvantaged.

Where, Aavas forms a suspicion of money laundering or terrorist financing, and reasonably believes that performing the CDD process will tip-off the customer, it shall not pursue the CDD process, and instead file a suspicious transaction report ("STR") with FIU-IND

6. RISK MANAGEMENT

For Risk Management, AAVAS have a risk based approach which includes the following:

- (a) Customers shall be categorised as low, medium and high risk category, based on the assessment and Risk perception of the HFC.
- (b) The Risk categorisation has been undertaken based on parameters such as customer's identity, social/ financial status, nature of business activity and information about the clients' business and their location, geographical risk covering customers as well as transactions, type of products/services offered, delivery channel used for delivery of products/services, types of transaction undertaken – cash, cheque/ monetary instruments, wire transfers, forex transactions, etc. While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities may also be factored in.



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- (c) The risk categorization of a customer and the specific reasons for such categorization shall be kept confidential and shall not be revealed to the customer to avoid tipping off the customer.

Provided that various other information collected from different categories of customers relating to the perceived risk, is non-intrusive and the same is specified in the KYC policy.

AAVAS shall include the Recommendations made by the Financial Action Task Force (FATF) the reports and guidance notes on KYC/AML issued by the Indian Banks Association (IBA), and other agencies, guidance note circulated to all cooperative banks by the RBI etc., may also be used in risk assessment. Further, AAVAS briefly discuss Risk Categorisation of customers in its Credit Policy, approved by Board.

7. CUSTOMER IDENTIFICATION PROCEDURE (CIP)

Customer identification means identifying the customer and verifying his/ her identity by using reliable, independent source documents, data or information. The Company shall endeavor to obtain sufficient information necessary to establish the identity of each new customer, whether regular or occasional and the purpose of the intended nature of relationship.

In accordance with the applicable provision of the PMLA, the PML Rules and the RBI KYC Directions, the Company shall adhere to the customer identification procedure to be carried out at different stages

AAVAS shall undertake identification of customers in the following cases:

- (a) Commencement of an account-based relationship with the customer.
- (b) When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
- (c) Selling Third Party Products as agents, selling their own products and any other product for more than rupees fifty thousand
- (d) When a AAVAS has reason to believe that a customer (account- based or walk-in) is intentionally structuring a transaction into a series of transactions below the threshold of rupees fifty thousand.

For the purpose of verifying the identity of customers at the time of commencement of an account-based relationship, AAVAS, may rely on CDD done by a third party, subjected to the following conditions:

- (a) Records or the information of the customer due diligence carried out by the third party is obtained immediately from the third party or from the Central KYC Records Registry.
- (b) Adequate steps are taken by AAVAS to satisfy themselves that copies of identification data and other relevant documentation relating to the customer due diligence requirements shall be made available from the third party upon request without delay.
- (c) The third party is regulated, supervised or monitored for, and has measures in place for, compliance with customer due diligence and record-keeping requirements in line with the requirements and obligations under the Prevention of Money-Laundering Act.
- (d) The third party shall not be based in a country or jurisdiction assessed as high risk.
- (e) The ultimate responsibility for CDD, including done by a third party and undertaking enhanced due diligence measures, as applicable, shall rest with the AAVAS.

8 CUSTOMER DUE DILIGENCE (CDD) PROCEDURE

Part- I CDD Procedure in case of individuals



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AAVAS shall apply the following procedure while establishing an account based relationship with an individual while establishing an account-based relationship or while dealing with the individual who is a beneficial owner, authorised signatory or the power of attorney holder related to any legal entity:

- (a) the Aadhaar number where,
 - (i) he is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 (18 of 2016); or
 - (ii) he decides to submit his Aadhaar number voluntarily to a AAVAS notified under first proviso to sub-section (1) of section 11A of the PML Act; or
 - (aa) the proof of possession of Aadhaar number where offline verification can be carried out; or
 - (ab) the proof of possession of Aadhaar number where offline verification cannot be carried out or any OVD or the equivalent e-document thereof containing the details of his identity and address; and
 - (ac) the KYC Identifier with an explicit consent to download records from CKYCR; and
- (b) the Permanent Account Number or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962; and (c) uch other documents including in respect of the nature of business and financial status of the customer, or the equivalent e-documents thereof as may be required by the AAVAS provided that where the customer has submitted,
- i) Aadhaar number under clause (a) above to a AAVAS notified under first proviso to sub-section (1) of section 11A of the PML Act, AAVAS shall carry out authentication of the customer's Aadhaar number using e-KYC authentication facility provided by the Unique Identification Authority of India. Further, in such a case, if customer wants to provide a current address, different from the address as per the identity information available in the Central Identities Data Repository, he may give a self-declaration to that effect to the AAVAS.
 - ii) proof of possession of Aadhaar under clause (aa) above where offline verification can be carried out, the AAVAS shall carry out offline verification.
 - iii) an equivalent e-document of any OVD, the AAVAS shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000) and any rules issues thereunder and take a live photo as prescribed under MD-KYC.
 - iv) any OVD or proof of possession of Aadhaar number under clause (ab) above where offline verification cannot be carried out, the AAVAS shall carry out verification through digital KYC as prescribed under MD-KYC.
 - v) KYC Identifier under clause (ac) above, Aavas shall retrieve the KYC records online from the CKYCR in accordance with CDD Procedure and sharing KYC information with Central KYC Records Registry (CKYCR).

Provided that for a period not beyond such date as may be notified by the Government for a AAVAS, instead of carrying out digital KYC, the AAVAS pertaining to such class may obtain a certified copy of the proof of possession of Aadhaar number or the OVD and a recent photograph where an equivalent e-document is not submitted.

Provided further that in case e-KYC authentication cannot be performed for an individual desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 owing to injury, illness or infirmity on account of old age or otherwise, and similar causes, AAVAS shall, apart from obtaining the Aadhaar number, perform identification preferably by carrying out offline verification or alternatively by obtaining the certified copy of any other OVD or the equivalent e-document thereof from the customer. CDD done in this manner shall invariably be carried out by an official of the AAVAS and such exception handling shall also be a part of the concurrent audit



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as mandated in Section 8. AAVAS shall ensure to duly record the cases of exception handling in a centralised exception database. The database shall contain the details of grounds of granting exception, customer details, name of the designated official authorising the exception and additional details, if any. The database shall be subjected to periodic internal audit/inspection by the AAVAS and shall be available for supervisory review.

Explanation 1: AAVAS shall, where its customer submits a proof of possession of Aadhaar Number containing Aadhaar Number, ensure that such customer redacts or blacks out his Aadhaar number through appropriate means where the authentication of Aadhaar number is not required as per proviso (i) above.

Explanation 2: Biometric based e-KYC authentication can be done by bank official/business correspondents/business facilitators.

Explanation 3: The use of Aadhaar, proof of possession of Aadhaar etc., shall be in accordance with the Aadhaar (Targeted Delivery of Financial and Other Subsidies Benefits and Services) Act, 2016 and the regulations made thereunder.

Accounts opened using Aadhaar OTP based e-KYC, in non-face-to-face mode, are subject to the following conditions:

- (a) There must be a specific consent from the customer for authentication through OTP.
- (b) As a risk-mitigating measure for such accounts, Aavas shall ensure that transaction alerts, OTP, etc., are sent only to the mobile number of the customer registered with Aadhaar.
- (c) The aggregate balance of all the deposit accounts of the customer shall not exceed rupees one lakh. In case, the balance exceeds the threshold, the account shall cease to be operational, till CDD as mentioned at (v) below is complete.
- (d) The aggregate of all credits in a financial year, in all the deposit accounts taken together, shall not exceed rupees two lakh.
- (e) As regards borrowal accounts, only term loans shall be sanctioned. The aggregate amount of term loans sanctioned shall not exceed rupees sixty thousand in a year.
- (f) Accounts, both deposit and borrowal, opened using OTP based e-KYC shall not be allowed for more than one year within which identification as per Section 16 is to be carried out.
- (g) If the CDD procedure as mentioned above is not completed within a year, in respect of deposit accounts, the same shall be closed immediately. In respect of borrowal accounts no further debits shall be allowed.
- (h) 21A declaration shall be obtained from the customer to the effect that no other account has been opened nor will be opened using OTP based KYC in non-face-to-face mode with any other RE. Further, while uploading KYC information to CKYCR, AAVAS shall clearly indicate that such accounts are opened using OTP based e-KYC and other REs shall not open accounts based on the KYC information of accounts opened with OTP based e-KYC procedure in non-face-to-face mode.
- (i) AAVAS shall have strict monitoring procedures including systems to generate alerts in case of any non-compliance/violation, to ensure compliance with the above mentioned conditions.

AAVAS may undertake live V-CIP, to be carried out by an official of the AAVAS, for establishment of an account based relationship with an individual customer, after obtaining his informed consent and shall adhere to the following stipulations:

- (a) The official of the RE performing the V-CIP shall record video as well as capture photograph of the customer present for identification and obtain the identification information of Aadhaar through Offline Verification.
- (b) AAVAS shall capture a clear image of PAN card to be displayed by the customer during the process, except in cases where e-PAN is provided by the customer. The PAN details shall be verified from the database of the issuing authority.



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- (c) Live location of the customer (Geotagging) shall be captured to ensure that customer is physically present in India
- (d) The official of the AAVAS shall ensure that photograph of the customer in the Aadhaar/PAN details matches with the customer undertaking the V-CIP and the identification details in Aadhaar/PAN shall match with the details provided by the customer.
- (e) The official of the AAVAS shall ensure that the sequence and/or type of questions during video interactions are varied in order to establish that the interactions are real-time and not pre-recorded.
- (f) In case of offline verification of Aadhaar using XML file or Aadhaar Secure QR Code, it shall be ensured that the XML file or QR code generation date is not older than 3 days from the date of carrying out V-CIP.
- (g) All accounts opened through V-CIP shall be made operational only after being subject to concurrent audit, to ensure the integrity of process.
- (h) AAVAS shall ensure that the process is a seamless, real-time, secured, end-to-end encrypted audiovisual interaction with the customer and the quality of the communication is adequate to allow identification of the customer beyond doubt. AAVAS shall carry out the liveness check in order to guard against spoofing and such other fraudulent manipulations.
- (i) To ensure security, robustness and end to end encryption, the REs shall carry out software and security audit and validation of the V-CIP application before rolling it out.
- (j) The audiovisual interaction shall be triggered from the domain of the RE itself, and not from third party service provider, if any. The V-CIP process shall be operated by officials specifically trained for this purpose. The activity log along with the credentials of the official performing the V-CIP shall be preserved.
- (k) AAVAS shall ensure that the video recording is stored in a safe and secure manner and bears the date and time stamp.
- (l) AAVAS are encouraged to take assistance of the latest available technology, including Artificial Intelligence (AI) and face matching technologies, to ensure the integrity of the process as well as the information furnished by the customer. However, the responsibility of customer identification shall rest with the RE.
- (m) AAVAS shall ensure to redact or blackout the Aadhaar number in terms of Section 16 of MD KYC.

In case a person who desires to open an account is not able to produce documents, as specified in Section 16 of MD KYC, AAVAS may at their discretion open accounts subject to the following conditions:

- (a) AAVAS shall obtain a self-attested photograph from the customer.
- (b) The designated officer of the AAVAS certifies under his signature that the person opening the account has affixed his signature or thumb impression in his presence.
- (c) The account shall remain operational initially for a period of twelve months, within which CDD as per Section 16 shall be carried out.
- (d) Balances in all their accounts taken together shall not exceed rupees fifty thousand at any point of time.
- (e) The total credit in all the accounts taken together shall not exceed rupees one lakh in a year.
- (f) The customer shall be made aware that no further transactions will be permitted until the full KYC procedure is completed in case Directions (d) and (e) above are breached by him.
- (g) The customer shall be notified when the balance reaches rupees forty thousand or the total credit in a year reaches rupees eighty thousand that appropriate documents for conducting the KYC must be submitted otherwise the operations in the account shall be stopped when the total balance in all the accounts taken together exceeds the limits prescribed in direction (d) and (e) above.



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KYC verification once done by one branch/office of the AAVAS shall be valid for transfer of the account to any other branch/office of the AAVAS, provided full KYC verification has already been done for the concerned account and the same is not due for periodic updation.

Part- II CDD Measures for Sole Proprietary Firms

For opening an account in the name of a sole proprietary firm, identification information as mentioned under Section 14 of MD KYC in respect of the individual (proprietor) shall be obtained.

In addition to the above, any two of the following documents as a proof of business/ activity in the name of the proprietary firm shall also be obtained:

- (a) Registration certificate including Udyam Registration Certificate (URC) issued by the Government.
- (b) Certificate/licence issued by the municipal authorities under Shop and Establishment Act.
- (c) Sales and income tax returns.
- (d) CST/VAT/GST certificate (provisional/ final).
- (e) Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities.
- (f) IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT/Licence/ Certificate of Practice issued in the name of the proprietary concern by any professional body incorporated under a statute.
- (g) Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax authorities.
- (h) Utility bills such as electricity, water, and landline telephone bills.

In cases where the AAVAS is satisfied that it is not possible to furnish two such documents, AAVAS may, at their discretion, accept only one of those documents as proof of business/activity.

Provided AAVAS undertake contact point verification and collect such other information and clarification as would be required to establish the existence of such firm, and shall confirm and satisfy itself that the business activity has been verified from the address of the proprietary concern.

Part- III CDD Measures for Legal Entities

For opening an account of a company, one certified copy of each of the following documents shall be obtained:

- (a) Certificate of incorporation;
- (b) Memorandum and Articles of Association;
- (c) Permanent Account Number of the company;
- (d) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf;
- (e) One copy of an OVD containing details of identity and address, one recent photograph and Permanent Account Numbers of Form 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf;
- (f) The names of the relevant persons holding senior management position;
- (g) The registered office and the principal place of its business, if it is different.

For opening an account of a partnership firm, one certified copy of each of the following documents shall be obtained:

- (a) Registration certificate;
- (b) Partnership deed;
- (c) Permanent Account Number of the partnership firm;



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- (d) one copy of an OVD containing details of identity and address, one recent photograph and Permanent Account Numbers of Form 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf;
- (e) the names of all the partners;
- (f) of the registered office, and the principal place of its business, if it is different.

For opening an account of a trust, one certified copy of each of the following documents shall be obtained:

- (a) Registration certificate;
- (b) Trust deed;
- (c) Permanent Account Number or Form No.60 of the trust;
- (d) one copy of an OVD containing details of identity and address, one recent photograph and Permanent Account Numbers of Form 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf (e) the names of the beneficiaries, trustees, settlor, protector (if any) and authors of the trust
- (f) the address of the registered office of the trust; and
- (g) list of trustees and documents, as specified in Section 16 of MD KYC, for those discharging role as trustee and authorised to transact on behalf of the trust.

For opening an account of an unincorporated association or a body of individuals, one certified copy of each of the following documents shall be obtained:

- (a) resolution of the managing body of such association or body of individuals;
- (b) Permanent Account Number or Form No.60 of the unincorporated association or a body of individuals;
- (c) power of attorney granted to transact on its behalf;
- (d) one copy of an OVD containing details of identity and address, one recent photograph and Permanent Account Numbers of Form 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf identification information as mentioned under

Such information as may be required by the AAVAS to collectively establish the legal existence of such an association or body of individuals.

Unregistered trusts/partnership firms shall be included under the term 'unincorporated association' and the term 'body of individuals', includes societies

For opening accounts of juridical persons not specifically covered in the earlier part, such as Government its Departments, societies, universities and local bodies like village panchayats, one certified copy of the following documents shall be obtained:

- (a) Document showing name of the person authorised to act on behalf of the entity;
- (b) Aadhaar/PAN/ OVD for proof of identity and address in respect of the person holding an attorney to transact on its behalf and
- (c) Such documents as may be required by the HFC to establish the legal existence of such an entity/juridical person.

Part-IV CDD Measures for Identification of Beneficial Owner

For opening an account of a Legal Person who is not a natural person, the beneficial owner(s) shall be identified and all reasonable steps in terms of Rule 9(3) of the Rules to verify his/her identity shall be undertaken keeping in view the following:



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- (a) Where the customer or the owner of the controlling interest is a company listed on a stock exchange, or is a subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.
- (b) In cases of trust/nominee or fiduciary accounts whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary is determined. In such cases, satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also details of the nature of the trust or other arrangements in place shall be obtained.

Part-V On-going Due Diligence Measures

AAVAS shall undertake on-going due diligence of customers to ensure that their transactions are consistent with their knowledge about the , customers, customers' business and risk profile, the source of funds/wealth. Without prejudice to the generality of factors that call for close monitoring following types of transactions shall necessarily be monitored:

- (a) Large and complex transactions including RTGS transactions, and those with unusual patterns, inconsistent with the normal and expected activity of the customer, which have no apparent economic rationale or legitimate purpose.
- (b) Transactions which exceed the thresholds prescribed for specific categories of accounts.
- (c) High account turnover inconsistent with the size of the balance maintained.
- (d) Deposit of third party cheques, drafts, etc. in the existing and newly opened accounts followed by cash withdrawals for large amounts. The extent of monitoring shall be aligned with the risk category of the customer.

Explanation: High risk accounts have to be subjected to more intensified monitoring.

- (a) A system of periodic review of risk categorisation of accounts, with such periodicity being at least once in six months, and the need for applying enhanced due diligence measures shall be put in place.

9. UPDATION/PERIODIC UPDATION OF KYC

Aavas shall adopt a risk-based approach for periodic updation of KYC ensuring that the information or data collected under CDD is kept up-to-date and relevant, particularly where there is high risk. However, Periodic KYC updation shall be carried out at least once in every two years for high risk customers, once in every eight years for medium risk customers and once in every ten years for low risk customers as per the following procedure:

- a) AAVAS shall carry out:
 - i) PAN verification from the verification facility available with the issuing authority and



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ii) Authentication, of Aadhaar Number already available with the AAVAS with the explicit consent of the customer in applicable cases.

iii) In case identification information available with Aadhaar does not contain current address an OVD containing current address may be obtained.

iv) Certified copy of OVD containing identity and address shall be obtained at the time of periodic updation from individuals except those who are categorised as 'low risk'. In case of low risk customers when there is no change in status with respect to their identities and addresses, a self-certification to that effect shall be obtained.

v) In case of Legal entities, AAVAS shall review the documents sought at the time of opening of account and obtain fresh certified copies.

b) AAVAS may not insist on the physical presence of the customer for the purpose of furnishing OVD or furnishing consent for Aadhaar authentication unless there are sufficient reasons that physical presence of the account holder/holders is required to establish their bona-fides. Normally, OVD / Consent forwarded by the customer through mail/ post, etc., shall be acceptable.

c) AAVAS shall ensure to provide acknowledgment with date of having performed KYC updation.

d) The time limits prescribed above would apply from the date of opening of the account/ last verification of KYC.

In case of existing customers, AAVAS shall obtain the Permanent Account Number or equivalent e-document thereof or Form No.60, by such date as may be notified by the Central Government, failing which AAVAS shall temporarily cease operations in the account till the time the Permanent Account Number or equivalent e-documents thereof or Form No. 60 is submitted by the customer. Provided that before temporarily ceasing operations for an account, the AAVAS shall give the customer an accessible notice and a reasonable opportunity to be heard. Further, AAVAS shall include, in its internal policy, appropriate relaxation(s) for continued operation of accounts for customers who are unable to provide Permanent Account Number or equivalent e-document thereof or Form No. 60 owing to injury, illness or infirmity on account of old age or otherwise, and such like causes. Such accounts shall, however, be subject to enhanced monitoring.

Provided further that if a customer having an existing account-based relationship with AAVAS gives in writing to the AAVAS that he does not want to submit his Permanent Account Number or equivalent e-document thereof or Form No.60, AAVAS shall close the account and all obligations due in relation to the account shall be appropriately settled after establishing the identity of the customer by obtaining the identification documents as applicable to the customer.

Provided further that AAVAS shall advise the customers that in order to comply with the PML Rules, in case of any update in the documents submitted by the customer at the time of establishment of business relationship/account-based relationship and thereafter, as necessary, customers shall submit to AAVAS the updated documents within a period of 30 days from the date of such update for the purpose of updating the records at AAVAS' end.



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Explanation – For the purpose of this Section, “temporary ceasing of operations” in relation an account shall mean the temporary suspension of all transactions or activities in relation to that account by the AAVAS till such time the customer complies with the provisions of this Section.

Part VI - Enhanced and Simplified Due Diligence Procedure

Enhanced Due Diligence

Accounts of non-face-to-face customers (other than Aadhaar OTP based on-boarding): AAVAS shall ensure that the first payment is to be effected through the customer's KYC-complied account with another RE, for enhanced due diligence of non-face-to-face customers.

Accounts of Politically Exposed Persons (PEPs):

- (i) AAVAS shall have the option of establishing a relationship with PEPs provided that:
 - (a) REs have in place appropriate risk management systems to determine whether the customer or the beneficial owner is a PEP;
 - (b) Reasonable measures are taken by the REs for establishing the source of funds/wealth; (c) The decision to open an account for a PEP is taken at senior level in accordance with the HFCs Customer Acceptance Policy;
 - (d) All Such Accounts are subjected to enhanced Monitoring on an on-going basis;
 - (e) in the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, senior management's approval is obtained to continue the business relationship;
- (ii) These instructions shall also be applicable to family members or close associates of PEPs.

Explanation: PEPs are individuals who are or have been entrusted with prominent public functions by a foreign country, including the Heads of States/Governments, senior politicians, senior government or judicial or military officers, senior executives of state-owned corporations and important political party officials.

Customer's accounts opened by Professional Intermediaries

Aavas shall ensure while opening customer's accounts through professional intermediaries, that:

- (a) Customer shall be identified when client account is opened by a professional intermediary on behalf of a single client.
- (b) Aavas shall have option to hold 'pooled' accounts managed by professional intermediaries on behalf of entities like mutual funds, pension funds or other types of funds.
- (c) Aavas shall not open accounts of such professional intermediaries who are bound by any client confidentiality that prohibits disclosure of the client details to the HFC.
- (d) All the beneficial owners shall be identified where funds held by the intermediaries are not co-mingled at the level of HFC, and there are 'subaccounts', each of them attributable to a



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beneficial owner, or where such funds are co-mingled at the level of HFC, Aavas shall look for the beneficial owners.

(e) Aavas shall, at their discretion, rely on the CDD done by an intermediary, provided that the intermediary is a regulated and supervised entity and has adequate systems in place to comply with the KYC requirements of the customers.

(f) The ultimate responsibility for knowing the customer lies with Aavas .

Chapter VII- Record Management

The following steps shall be taken regarding maintenance, preservation and reporting of customer account information, with reference to provisions of PML Act and Rules. AAVAS shall,

(a) maintain all necessary records of transactions between the AAVAS and the customer, both domestic and international, for at least five years from the date of transaction;

(b) preserve the records pertaining to the identification of the customers and their addresses obtained while opening the account and during the course of business relationship, for at least five years after the business relationship is ended;

(c) make available swiftly, the identification records and transaction data to the competent authorities upon request;

(d) introduce a system of maintaining proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules, 2005);

(e) maintain all necessary information in respect of transactions prescribed under PML Rule 3 so as to permit reconstruction of individual transaction, including the following:

(i) the nature of the transactions;

(ii) the amount of the transaction and the currency in which it was denominated;

(iii) the date on which the transaction was conducted; and

(iv) the parties to the transaction.

(f) evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities;

(g) maintain records of the identity and address of their customer, and records in respect of transactions referred to in Rule 3 in hard or soft format.

Explanation. – the expressions "records pertaining to the identification", "identification records", etc., shall include updated records of the identification data, account files, business correspondence and results of any analysis undertaken. **Chapter VIII-Reporting Requirements to Financial Intelligence Unit - India**

In accordance with the requirements under the Act and Rules, Aavas shall furnish the following reports, as and when required, to the Director, Financial Intelligence Unit-India (FIU-IND) and adhere other guidelines mentioned in Chapter VII of MD-KYC:

(a) Cash Transaction Report (CTR)

(b) Counterfeit Currency Report (CCR)

(c) Suspicious Transaction Report (STR)



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Chapter IX-Requirements/obligations under International Agreements

Communications from International Agencies –

AAVAS shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC).

The details of the two lists are as under:

(a) The “ISIL (Da’esh) & Al-Qaida Sanctions List”, which includes names of individuals and entities associated with the Al-Qaida. The updated ISIL & AlQaida Sanctions List is available at <https://scsanctions.un.org/ohz5jen-al-qaida.html>.

(b) The “Taliban Sanctions List, 1988”, consisting of individuals (Section A of the consolidated list) and entities (Section B) associated with the Taliban which is available at <https://scsanctions.un.org/3ppp1en-taliban.htm> Details of accounts resembling any of the individuals/entities in the lists shall be reported to FIU-IND apart from advising Ministry of Home Affairs as required under UAPA notification dated February 02, 2021.

In addition to the above, other UNSCRs circulated by the Reserve Bank in respect of any other jurisdictions/ entities from time to time shall also be taken note of.

Freezing of Assets under Section 51A of Unlawful Activities (Prevention) Act, 1967

The procedure laid down in the UAPA Order dated February 02, 2021 shall be strictly followed and meticulous compliance with the Order issued by the Government shall be ensured.

Jurisdictions that do not or insufficiently apply the FATF Recommendations

(a) FATF Statements circulated by Reserve Bank of India from time to time, and publicly available information, for identifying countries, which do not or insufficiently apply the FATF Recommendations, shall be considered. Risks arising from the deficiencies in AML/CFT regime of the jurisdictions included in the FATF Statement shall be taken into account.

(b) Special attention shall be given to business relationships and transactions with persons (including legal persons and other financial institutions) from or in countries that do not or insufficiently apply the FATF Recommendations and jurisdictions included in FATF Statements.

Explanation: The process referred to in Section 55 a & b do not preclude AAVAS from having legitimate trade and business transactions with the countries and jurisdictions mentioned in the FATF statement.

The background and purpose of transactions with persons (including legal persons and other financial institutions) from jurisdictions included in FATF Statements and countries that do not or insufficiently apply the FATF Recommendations shall be examined, and written findings together with all documents shall be retained and shall be made available to Reserve Bank/other relevant authorities, on request.



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Chapter-X OTHER MEASURES

Secrecy Obligations and Sharing of Information:

(a) AAVAS shall maintain secrecy regarding the customer information which arises out of the contractual relationship between the lender and customer.

(b) Information collected from customers for the purpose of opening of account shall be treated as confidential and details thereof shall not be divulged for the purpose of cross selling, or for any other purpose without the express permission of the customer.

(c) While considering the requests for data/information from Government and other agencies, AAVAS shall satisfy themselves that the information being sought is not of such a nature as will violate the provisions of the laws relating to secrecy in transactions.

(d) The exceptions to the said rule shall be as under:

- i. Where disclosure is under compulsion of law
- ii. Where there is a duty to the public to disclose,
- iii. the interest of bank requires disclosure and
- iv. Where the disclosure is made with the express or implied consent of the customer.

(e) NBFCs shall maintain confidentiality of information as provided in Section 45NB of RBI Act 1934.

CDD Procedure & Sharing KYC information with Central KYC Records Registry (CKYCR)

AAVAS shall capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules, as required by the revised KYC templates prepared for 'individuals' and 'Legal Entities' as the case may be.

Government of India has authorised the Central Registry of Securitisation Asset Reconstruction and Security

Interest of India (CERSAI), to act as, and to perform the functions of the CKYCR vide Gazette Notification No. S.O. 3183(E) dated November 26, 2015. The 'live run' of the CKYCR would start with effect from July 15, 2016 in phased manner beginning with new 'individual accounts'. Accordingly, AAVAS shall take the following steps:

(i) AAVAS shall upload the KYC data pertaining to all new individual accounts opened on or after from April 1, 2017 with CERSAI in terms of the provisions of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005.

(ii) Whenever Aavas obtains additional or updated information from existing customer, AAVAS shall within seven days or within such period as may be notified by the Central Government, furnish the updated information to CKYCR, which shall update the KYC records of the existing customer in CKYCR.

(iii) Operational Guidelines (version 1.1) for uploading the KYC data have been released by CERSAI. Further, 'Test Environment' has also been made available by CERSAI for the use of AAVAS.

(iv) Aavas shall ensure that during periodic updation, the customers are migrated to the current CDD standard.

(v) Where a customer submits KYC Identifier, with an explicit consent to download records from CKYCR, Aavas shall retrieve the KYC records online from the CKYCR using the KYC Identifier and



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the customer shall not be required to submit the same KYC records or information or any other additional identification documents or details, unless

- i. there is a change in the information of the customer as existing in the records of CKYCR; or
- ii. the KYC record or information retrieved is incomplete or is not as per the current applicable KYC norms; or
- iii. the validity period of downloaded documents from CKYCR has lapsed; or
- iv. Aavas considers it necessary in order to verify the identity or address (including current address) of the customer, or to perform enhanced due diligence or to build an appropriate risk profile of the customer

Reporting requirement under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)

Under FATCA and CRS, AAVAS shall adhere to the provisions of Income Tax Rule 114F, 114G and 114H and determine whether they are a Reporting Financial Institution as defined in Income Tax Rule 114F and if so, shall take applicable steps for complying with the reporting requirements as mentioned in MD-KYC.

Introduction of New Technologies

Adequate attention shall be paid by AAVAS to any money-laundering and financing of terrorism risks that may arise from new or developing technologies and it shall be ensured that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies.

Quoting of PAN

Permanent account number (PAN) or equivalent e-document thereof of customers shall be obtained and verified while undertaking transactions as per the provisions of Income Tax Rule 114B applicable to banks, as amended from time to time. Form 60 shall be obtained from persons who do not have PAN or equivalent e-document thereof.

Hiring of Employees and Employee training

- (a) Adequate screening mechanism as an integral part of their personnel recruitment/hiring process should be put in place.
- (b) On-going employee training programme should be put in place so that the members of staff are adequately trained in KYC/AML Measures policy. The focus of the training should be different for frontline staff, compliance staff and staff dealing with new customers. The front desk staff should be specially trained to handle issues arising from lack of customer education. Proper staffing of the audit function with persons adequately trained and well-versed in KYC/AML Measures policies of the HFC, regulation and related issues should be ensured.

I. FAIR PRACTICE CODE :-

1. INTRODUCTION

The Guidelines on Fair Practices Code for Housing Finance Companies which defines the fair practices standards while dealing/building relationships with prospective/existing customers and has been framed and amended by Reserve Bank of India(RBI) through RBI Circular RBI/2020-21/73DOR.FIN.AAVAS.CC.No.120/03.10.136/2020-21 related to **Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021** dated **February 17, 2021, as amended from time to time** in keeping with the need to follow the best corporate practice within the sector. In accordance with these guidelines, **Aavas Financiers Limited (“Aavas”)** had formulated & implemented a “Fair Practice Code”. The basic essence of Fair Practices Code is to assist both the Aavas and the customer(s).

2. APPLICATION OF THE CODE

It shall be applicable to all the products and services offered from all the operating/service locations of **Aavas** i.e. Branch, Region & Corporate Office. The Code must be strictly followed by all the authorized functionaries, Counselor(s), Partner(s), subsidiary(ies) and Digital Lending Platforms (Self-owned and/or under an outsourcing arrangement) across the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other method.

3. APPLICATIONS FOR LOANS AND THEIR PROCESSING

- All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- Aavas shall transparently disclose to the borrower(s) all information regarding fee/charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned/disbursed or rejected, prepayment options and charges therein , if any, penalty for delayed repayment if any, conversion charges for switching loan from fixed to floating rates or vice versa, existence of any interest re-set clause and any other matter which affects the interest of the borrower(s). In other words, the Aavas shall disclose “all in cost” inclusive of all charges involved in processing/sanction of loan application in a transparent manner. It should also ensure that such charges/fees are non-discriminatory.
- Aavas shall not discriminate amongst physically challenged, disable/differently able or blind persons in any manner while dealing them. Aavas shall treat such person with humanitarian approach and give priority over other visiting clients at the branch in attending his queries/application of such persons. Also, Aavas shall take special efforts to make it easy and convenient for customers like senior citizens, physically challenged, differently abled or blind and illiterate persons while providing service.

- Loan application forms shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other Aavas can be made and informed decision can be taken by the borrower. The loan application form may indicate the list of documents required to be submitted with the application form.
- Aavas shall devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed should also be indicated in the acknowledgement.

4. LOANS APPRAISAL, TERMS/CONDITIONS AND COMMUNICATION OF REJECTION OF LOAN APPLICATION

- Normally all particulars required for processing the loan application shall be collected by the Aavas at the time of application. In case it needs any additional information, the customer should be told that he would be contacted immediately again.
- Aavas shall convey in writing to the customer in the vernacular language or a language as understood by the customer by means of sanctioned letter or otherwise, the amount of loan sanctioned along with the terms and conditions which shall include annualized rate of interest, method of application, EMI structure, pre-payment charges, and shall obtain written acceptance of these terms and conditions from the customer for record.
- Aavas shall mention the penal charge charged for late repayment in bold in the loan agreement.
- Aavas shall invariably furnish a copy of the loan agreement along with a copy of each of the enclosures quoted in the loan agreement to every borrower at the time of sanction/ disbursement of loans, against acknowledgement.
- In case of rejection of loan application, the customer shall be communicated in writing of the Aavas's inability to offer him/her/them the loan along with the reasons(s) for rejection

5. DISBURSEMENT OF LOANS INCLUDING CHANGE IN TERMS AND CONDITIONS

- Aavas shall ensure that disbursement is made in accordance to the agreed disbursement schedule (original or revised) given in loan agreement/sanction letter.
- The Aavas shall give advance notice to its customers in the vernacular language or a language as understood by the customer of change in the terms & conditions including disbursement schedule, interest rate, penal charge, service charges, prepayment charges, other applicable fees/charges etc. Moreover, the Aavas shall ensure that changes to interest rates and charges are imposed only "prospectively" and necessary clause is incorporated in the loan agreement with respect to this.
- If the changes are to the disadvantage of the customers, he/she/they may close or switch the account at any time (without notice) within 60 (sixty) days without having to pay any extra charges or revised interest.
- All existing borrowers have an option to change the existing applicable spread to the prevailing applicable spread, as per Board Approved Aavas ROI Switch/Conversion Policy available on website. For all partly or fully disbursed cases, the Switch/Conversion fee payable to avail the Switch/Conversion is mentioned and will be as per the Schedule of Charges and MITC and will levied on the principal outstanding (POS) at the time of availing the facility. There will be no switch fee payable on the undisbursed loan amount out of the total contracted loan. The facility is available to regular paying borrower with NIL EMI/PEMI due in the Loan Account, and



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will be applied with Mutual Consent between the Borrowers(s) and the Aavas with required documentation. Borrowers have the option to reduce his EMI keeping the residual tenor unchanged OR keep his EMI unchanged and thereby reducing his residual tenor. The reset of spread will be effective from the next cycle date of the following month from the date of switch.

- Aavas ensure that the decision to recall/accelerate payment or performance under the agreement or seeking additional securities, the Aavas should be in consonance with the loan agreement.
- Aavas shall release all securities immediately on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim, Aavas may have against borrower. If such 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 Aavas are entitled to retain the securities till the relevant claim is settled /paid.

6. RESPONSIBILITY OF BOARD OF DIRECTORS

- The Board of Directors of Aavas has laid down the appropriate grievance redressal mechanism within the organization to resolve complaints and grievances. The mechanism ensured that all disputes arising out of the decisions of lending institution's functionaries are heard and disposed of at least at the next higher level.
- The Board of Directors of Aavas shall provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management.

7. COMPLAINTS AND GRIEVANCE REDRESSAL

- Aavas have a system and a procedure for receiving, registering and disposing of complaints and grievances in each of its offices, including those received on-line.

Step 1:

Any aggrieved Customer of the Company can take up the grievance with the concerned Branch Head of the Company (address of the branches are available on Company's website) during the working hours from 9:30 A.M to 6:30 P.M.

If the complaint is unresolved at Branch level, the customers can also approach:

Customer care no:- +91-0141-6618888

Customer care E-mail id:- customercare@aavas.in

[If a complaint has been received, Branch/ Customer Care cell shall endeavor to send a response within 15 days from date of receipt of complaint.](#)

Step 2:

In case Branch/ Customer Care are unable to resolve the issue within 15 days, customers have the option the escalate the same to Nodal Officer designated to handle complaints and grievance

Ms. Pratibha Sharma (Nodal Officer)

201-202, 2nd Floor, Southend Square

Mansarovar Industrial Area, Jaipur-302020



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E-Mail ID: pratibha.sharma@aavas.in

Office: +91 141-4659230

Mob: +91 8003999547

Nodal officer shall endeavor to resolve the issue to the complainant's satisfaction within 15 days.

Step 3:

After exhausting the above machinery / channels, if the customer is not satisfied or in case no reply is received within the stipulated time period of one month, customer may approach or write to National Housing Bank at the below address:

National Housing Bank,
Department of Regulation and Supervision,
(Complaint Redressal Cell)
4th Floor, Core- 5A, India Habitat Centre,
Lodhi Road, New Delhi – 110 003

The complainant can also approach the Complaint Redressal Cell by lodging its complaint at the link <https://grids.nhbonline.org.in>.

- After examining the matter, Aavas shall send the customer its final response or explain why it needs more time to respond and shall endeavour to do so within six weeks of receipt of a complaint and he/ she should be informed how to take his/her complaint further if he/ she is still not satisfied.
- Aavas publicized its grievance redressal procedure (e-mail id and other contact details at which the complaints can be lodged, turnaround time for resolving the issue, matrix for escalation, etc.) for lodging the complaints by the aggrieved borrower and ensure specifically that it is made available on its website.
- Aavas shall clearly display in all its offices/ branches and on the website that in case the complainant does not receive response from the Aavas within a period of one month or is dissatisfied with the response received, the complainant may approach the Complaint Redressal Cell of National Housing Bank by lodging its complaints online on the website of NHB or through post to NHB, New Delhi.

8. LANGUAGE AND MODE OF COMMUNICATING FAIR PRACTICE CODE

- Fair Practices Code (in vernacular language) based on the directions outlined hereinabove shall be put in place by Aavas with the approval of their Boards.
- The same shall be put up on Aavas' website, for the information of various stakeholders.

9. REGULATION OF EXCESSIVE INTEREST CHARGED BY AAVAS

- The Board of Aavas shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in

the sanction letter.

- The Board of the Aavas shall also have clearly laid down policy for penal charge/ other charges (if any).
- The rates of interest and the approach for gradation of risks, and penal charge (if any) shall also be made available on the website of the companies or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- The rate of interest and penal charge (if any) must be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.
- Instalments collected from borrowers should clearly indicate the bifurcation between interest and principal.

10. EXCESSIVE INTEREST CHARGED BY AAVAS

- Aavas shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges (including penal charge, if any). In this regard the directions in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view. Aavas put in place an internal mechanism to monitor the process and the operations so as to ensure adequate transparency in communications with the borrowers.

11. PENAL CHARGES IN LOAN ACCOUNT

- Aavas shall comply with the instructions contained in circular on 'Fair Lending Practice - Penal Charges in Loan Accounts' dated August 18, 2023, as amended from time to time.

12. RESET OF FLOATING INTEREST RATE ON EQUATED MONTHLY INSTALMENTS (EMI) BASED PERSONAL LOANS

- Aavas shall comply with the instructions contained in circular on 'Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans' dated August 18, 2023, as amended from time to time.

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

- Aavas shall comply with the instructions contained in circular on 'Responsible Lending Conduct – Release of Movable / Immovable Property Documents on Repayment/ Settlement of Personal Loans' dated September 13, 2023, as amended from time to time.

14. ADVERTISING, MARKETING AND SALES

The Aavas shall ensure that:

- The Aavas shall take maximum steps to ensure that all advertising and promotional material is clear, and factual.
- 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, Aavas shall also indicate whether other fees and charges shall apply and that full details of the relevant terms and conditions are available on request or on the website.

- It shall provide information on interest rates, common fees and charges through putting up notices in their branches, through telephones or help-lines, on the Aavas's web-site, through designated staff/help desk or providing service guide/tariff schedule.
- In case of engagement of third party/ies for the purpose of providing support services, the Aavas shall ensure that the third party/ies do handle the customer's personal information with the same degree of confidentiality and security as when the exercise may have been shouldered by the Aavas on its own.
- The Aavas shall from time to time, communicate to its customers various features of their products availed by them. Information about their other products or promotional offers in respect of products/services, may be conveyed to customers only if he/she/they has/have given his/her/their consent to receive such information/service either by mail or by registering for the same on the website or on customer service number.
- The Aavas shall apply/prescribe the code of conduct to their Direct Selling Agents/Direct Marketing Agents, if any, 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.
- In the event of receipt of any complaint from the customer, that Aavas representative/courier or marketing agents has/have engaged in any improper conduct or acted in violation of this Code, appropriate steps shall be initiated to investigate and to handle the complaint/grievance.

15. GUARANTORS

The Aavas must inform the following information to the person considering to be a guarantor to a loan,

- His/her liability as guarantor;
- The amount of liability he/she will be committing him/herself to the Aavas;
- Circumstances in which the Aavas will call on him/her to pay up his/her liability;
- Whether the Aavas has recourse to his/her other monies in the Aavas if he/she fail to pay up as a guarantor;
- Whether his/her liabilities as a guarantor are limited to a specific quantum or are they unlimited; and time and circumstances in which his/her liabilities as a guarantor shall be discharged as also the manner in which the Aavas will notify him/her about this

The Aavas shall keep him/her informed of any material adverse change/s in the financial position of the borrower to whom he/she stands as a guarantor.

16. PRIVACY AND CONFIDENTIALITY

All personal information of customers (present and past) shall be treated as private and confidential. The Aavas shall not reveal transaction details of the customers' accounts, to a third party, including entities in the group, other than in the following exceptional cases when the Aavas are allowed to do:

- If the Aavas have to give the information by law;
- If there is a duty towards the public to reveal the information ;
- If the Aavas's interests require to give the information [for example, to prevent fraud) but the Aavas shall not use this as a reason for giving information about its customer or its customers' accounts [including name and address] to anyone else, including other companies in the group, for marketing purposes;
- If the customer ask it to reveal the information, or if Aavas has the customers' permission to provide such information to group/associate/entities or other companies when they have tie - up



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arrangements for providing other financial service products ;

- If written permission has been obtained from the customer to provide reference of the respective customer;

17. GENERAL

- Aavas 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).
- In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the Aavas, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- Whenever loans are given, Aavas shall explain to the customer the repayment process by way of amount, tenure and periodicity of repayment. However, if the customer does not adhere to 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 customer by sending him/ her notice or by making personal visits and/or repossession of security if any.
- In the matter of recovery of loans, Aavas shall not resort to harassment viz. persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. As complaints from customers also include rude behavior from the staff of the companies, Aavas shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- Aavas has approved policy for engaging Recovery Agents.
- Aavas shall not charge pre-payment levy or penalty on pre-closure of housing loans under the following situations:
 - a. Where the housing loan is on floating interest rate basis and pre -closed from any source.
 - b. Where the housing loan is on fixed interest rate basis and the loan is preclosed by the borrower out of their own sources.
The expression "own sources" for the purpose means any source other than by borrowing from a bank/ HFCs/ NBFC and/or a financial institution.
- All dual/ special rate (combination of fixed and floating) housing loans will attract the pre- closure norms applicable to fixed/ floating rate depending on whether at the time of pre- closure, the loan is on fixed or floating rate. In case of a dual/special rate housing loans, the pre-closure norm for floating rate will apply once the loan has been converted into floating rate loan, after the expiry of the fixed interest rate period. This applied to all such dual/special rate housing loans being foreclosed hereafter. It is also clarified that a fixed rate loan is one where the rate is fixed for entire duration of the loan.
- Aavas shall not impose 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). Aavas shall ensure compliance with the instructions issued vide 'Reserve Bank of India (Pre-payment Charges on Loans) Directions, 2025', dated July 02, 2025, as amended from time to time.
- Aavas shall also comply with the instructions contained in the circular on 'Key Facts Statement



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(KFS) for Loans & Advances' dated April 15, 2024, as amended from time to time.

- To facilitate quick and good understanding of the major terms and conditions of housing loan agreed upon between AAVAS and the individual borrower, Aavas shall obtain a document containing the most important terms and conditions (MITC) of such loan in all cases. Duplicate copy duly executed between the AAVAS and the borrower should be handed over to the borrower under acknowledgement.
- Display of various key aspect such as service charges, interest rates, Penal charge (if any), services offered, product information, time norms for various transactions and grievance redressal mechanism, etc. is required to promote transparency in the operations of Aavas.
- AAVAS shall display about their products and services in any one or more of the following languages: Hindi, English or the appropriate local language.

Aavas shall not discriminate on grounds of sex, caste and religion in the matter of lending. Further, Aavas shall also not discriminate visually impaired or physically challenged applicants on the ground of disability in extending products, services, facilities, etc. However, this does not preclude Aavas from instituting or participating in schemes framed for different sections of the society.

- **To publicize the code the Aavas shall:**
 - Provide existing and new customers with a copy of the Code
 - Make this Code available on request either over the counter or by electronic communication or mail;
 - Make available this Code at every branch and on their website; and
 - Ensure that their staffs are trained to provide relevant information about the Code and to put the Code into practice.



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J. NATIONAL HOUSING BANK (NHB) CERTIFICATE OF REGISTRATION: INFORMATION BOOKLET

राष्ट्रीय आवास बैंक NATIONAL HOUSING BANK

(भारतीय रिजर्व बैंक के संपूर्ण स्वामित्व में / Wholly owned by the Reserve Bank of India)



पंजीकरण प्रमाणपत्र CERTIFICATE OF REGISTRATION

(जनता की जमा राशियां स्वीकार करने के लिए वैध नहीं)

[NOT VALID FOR ACCEPTANCE OF PUBLIC DEPOSITS]

सं. / No. 04.0151.17

1987 के राष्ट्रीय आवास बैंक अधिनियम की धारा 29ए के तहत
राष्ट्रीय आवास बैंक को प्रदत्त शक्तियों का प्रयोग करते हुए

आवास फाइनेंसिंग्स लिमिटेड
(पूर्व में: ए यू हाउसिंग फाइनेंस लिमिटेड)

को दूसरी तरफ उद्धृत शर्तों पर
जनता से जमा राशियां स्वीकार किए बिना
आवास वित्त संस्थान का व्यापार प्रारंभ करने / करते रहने के लिए
यह पंजीकरण प्रमाण पत्र एतद्वारा जारी किया जाता है।

In exercise of the powers conferred on the National Housing Bank by
Section 29A of The National Housing Bank Act, 1987

Aavas Financiers Limited
(Formerly : AU Housing Finance Limited)

is hereby granted Certificate of Registration
to commence / carry on the business of a housing finance institution
without accepting public deposits
subject to the conditions given on the reverse.

मेरे हस्ताक्षर के अधीन नई दिल्ली में आज वर्ष दो हजार सत्रह
के अप्रैल माह के उन्नीसवें दिन जारी किया गया।
Given under my hand at New Delhi this nineteenth day of the month of
April in the year two thousand seventeen



राष्ट्रीय
आवास बैंक
NATIONAL
HOUSING BANK

प्राधिकृत हस्ताक्षरी
Authorised Signatory
श्रीराम कल्याणरामन / Sriram Kalyanaraman
प्रबंध निदेशक एवं मुख्य कार्यकारी अधिकारी / MD & CEO



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AAVAS FINANCIERS LIMITED