
INFORMATION BOOKLET



AAVAS FINANCIERS LIMITED

(CIN: L65922RJ2011PLC034297)

Regd. & Corporate Office:

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

Mansarovar 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 following interest rate options: a) Fixed for First 3 years Rate of Interest which will remain fixed for the initial 3 years from first disbursement and will automatically become a floating rate thereafter, linked to AFL Prime Lending Rate plus the applicable spread, for the remaining loan tenure and b) Floating Rate of interest where rates change based on changes in the AFL Prime Lending Rate.
5. **Risk Premium:** Base risk premium to cover business related risks.
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	<i>Upto 30 days</i>
SMA-1	<i>More than 30 days and upto 60 days</i>
SMA-2	<i>More than 60 days and upto 90 days</i>
NPA	<i>More than 90 days</i>

- 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 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. 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. In the above scenarios, wherever applicable, charges shall be payable on account of part or full prepayments as under: 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. 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.
		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. 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: 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. 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
		1. In case of Fixed for First 3 Years loans, the pre-closure norms will be as applicable to fixed/ floating rate depending on whether at the time of pre-closure, the loan is on fixed or floating rate. 2. 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.

2.	Cheque/ ECS/ACH bounce charges (Per instrument/ Transaction)	Rs. 500/- plus GST, if applicable
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:		



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14.	Cash Handling Charges (for pre-payment)	Rs. 5/- per thousand for cash handling + GST
15.	CERSAI: At the time of Loan Closure:- Satisfaction of Charge (Removal of Lien)	NIL

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 to 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:



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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



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'

1. Introduction & Regulatory Framework

(i) Aavas Financiers Limited ("**the Company/Aavas**") is a Housing Finance Company, regulated by Reserve Bank of India (RBI), under the supervision of National Housing Bank (NHB). Accordingly, this Know Your Customer (KYC) and Anti-Money Laundering (AML) Policy ("**Policy**") is formulated in compliance with the following laws, rules, and regulatory directions as amended from time to time:

- Reserve Bank of India (Non-Banking Financial Companies – Know Your Customer) Directions, 2025 as applicable to Housing Finance Companies (HFCs) ("**RBI Master Direction**"),
- Prevention of Money-Laundering Act, 2002 ("**PMLA**"),
- Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 ("**PML Rules**"), and
- Applicable circulars, notifications, guidelines, and clarifications issued by RBI, NHB and other statutory authorities.

(ii) The objective of this Policy is to:

- To ensure all necessary Customer Identification Procedures ("**CIP**") / Customer Due Diligence ("**CDD**")/ Enhanced Due Diligence ("**EDD**") measures are followed.
- To reflect Company's approach to customer due diligence, risk management, record keeping, and reporting obligations.
- To prevent the Company from being used, intentionally or unintentionally, for money laundering, terrorist financing, or proliferation financing.
- To enable the Company to understand its customers and their financial dealings.
- To establish appropriate risk-based controls and due diligence measures.
- To ensure full compliance with applicable regulatory and statutory requirements.

(iii) This Policy has been approved by the **Board of Directors of Aavas Financiers Limited**.

(iv) All extant & future circulars/directions/guidelines/guidance notes issued by NHB/ RBI/ any other regulatory authority, from time to time would be the directing force for the KYC AML Policy of the Company and will super cede the contents of this Policy.

2. Definitions

The terms used and not defined in this Policy shall have the same meaning as assigned to them in the RBI Master Direction, as amended from time to time.

(i) '**Act**' and '**Rules**' mean the Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, respectively and amendments thereto.

(ii) '**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 persons, has / have a controlling ownership interest or who exercises control through other means.

Explanation: For the purpose of this sub-clause-

- 'Controlling ownership interest' means ownership of / entitlement to more than 10 percent of the shares or capital or profits of the company.
- 'Control' shall include the right to appoint the majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements.

- 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(s), has / have ownership of / entitlement to more than 10 percent of capital or profits of the partnership or who exercises control through other means.

Explanation: For the purpose of this sub-clause, 'control' shall include the right to control the management or policy decision.

- 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 of / entitlement to more than 15 percent of the property or capital or profits of the unincorporated association or body of individuals.

Explanation: 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(s) 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.

(iii) '**Certified Copy**' obtaining the certified copy shall mean comparing the copy of the proof of possession of Aadhaar number (where offline verification cannot be carried out) or the officially valid document produced by the customer with the original, and an authorised officer of the Company shall record the comparison on the copy 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.

(iv) '**Central KYC Records Registry (CKYCR)**' means an entity defined under Rule 2(1) of the Rules, to receive, store, safeguard and retrieve the KYC records in digital form of a customer.

(v) '**Customer**' means a person who is engaged in a financial transaction or activity with the Company and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.

(vi) '**Customer Due Diligence (CDD)**' means identifying and verifying the customer and the beneficial owner using reliable and independent sources of identification.

Explanation: The CDD, shall include:



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- a) Identification of the customer, verification of their identity using reliable and independent sources of identification, obtaining information on the purpose and intended nature of the business relationship, where applicable;
- b) Taking reasonable steps to understand the nature of the customer's business, and its ownership and control;
- c) Determining whether a customer is acting on behalf of a beneficial owner, and identifying the beneficial owner and taking all steps to verify the identity of the beneficial owner, using reliable and independent sources of identification.

(vii) **'Customer identification'** means undertaking the process of CDD.

(viii) **'Designated Director'** means a person designated by Board of Directors of the Company to ensure compliance with obligations imposed under chapter IV of the PML Act and the Rules and shall include the Managing Director or a whole-time Director.

(ix) **'Digital KYC'** means that an authorised officer of the Company captures a 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, as per the provisions contained in the Act.

(x) **'Equivalent e-document'** means an electronic equivalent of a document that the issuing authority of such document issues 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.

(xi) **'Know Your Client (KYC) Identifier'** means the unique number or code that the Central KYC Records Registry assigns to a customer.

(xii) **'Non-face-to-face customers'** means customers who open accounts without visiting the branch / offices of the NBFC or meeting the officials of the Company.

(xiii) **'Officially Valid Document (OVD)'** means the passport, the driving licence, proof of possession of Aadhaar number, the Voter's Identity Card that the Election Commission of India issues, the job card that NREGA issues and an officer of the State Government duly signs, and the letter that the National Population Register issues containing details of name and address.

Provided that,

- a) where the customer submits his proof of possession of Aadhaar number as an OVD, he may submit it in such form that the Unique Identification Authority of India (UIDAI) issues.
- b) When the customer furnishes an OVD that does not have an updated address, the following documents or the equivalent e-documents thereof shall be deemed to be OVDs for the limited purpose of proof of address:
 -
 - utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
 - property or Municipal tax receipt;
 - pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
 - letter of allotment of accommodation from employer that is 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;

- c) the customer shall submit OVD with current address within a period of three months of submitting the documents specified at (b) above.

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

(xiv) **‘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) (**“Aadhaar Act”**).

(xv) **‘On-going Due Diligence’** means regular monitoring of transactions in accounts to ensure that transactions are consistent with the Company’s knowledge about the customers, customers’ business and risk profile, the source of funds / wealth.

(xvi) **‘Periodic Updation’** means the steps taken to ensure that documents, data or information collected under the CDD process are kept up-to-date and relevant by undertaking reviews of existing records at the periodicity prescribed by the RBI.

(xvii) **‘Person’** has the same meaning assigned in the Act and includes:

- a) an individual,
- b) a Hindu undivided family,
- c) a company,
- d) an association of persons or a body of individuals, whether incorporated or not,
- e) every artificial juridical person, not falling within any one of the above persons (a to e), and
- f) any agency, office or branch owned or controlled by any of the above persons (a to f).

(xviii) **‘Principal Officer’** means an officer appointed by Board of Directors of the Company, at the management level, responsible for furnishing information as per rule 8 of the Rules.

(xix) **‘Suspicious transaction’** means a ‘transaction’ as 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 have no 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 that the NBFC suspects are linked or related to, or to be used for terrorism, terrorist acts or by a terrorist, terrorist organisation or those who finance or are attempting to finance terrorism. (xix) ‘Transaction’ means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes:

(xx) **‘Video based Customer Identification Process (V-CIP)’**: An alternative method by which an authorised official of the Company conducts customer identification with facial recognition and customer due diligence. This process involves a seamless, secure, live, informed- consent based audio-visual interaction with the customer to obtain identification information required for CDD purpose, and to ascertain the veracity of the information which the customer furnished, through independent verification and by maintaining an audit trail of the process.

(xxii) **‘Walk-in Customer’** means a person who does not have an account-based relationship with the Company, but undertakes transactions with it.

3. Elements of Policy

The KYC policy includes following four key elements:

- (i) Customer Acceptance Policy
- (ii) Risk Management
- (iii) Customer Identification Procedures (CIP); and
- (iv) Monitoring of Transactions

4. Customer Acceptance Policy

Without prejudice to the generality of the aspect that Customer Acceptance Policy may contain, the Company shall ensure that:

- (a) No account is opened in anonymous or fictitious/benami name;
- (b) No account is opened where the Company 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. The Company 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) Customer/ Authorised signatory must be a major (i.e., 18 years or above) and must not be incapacitated for entering into a contract as per Indian Contract Act.
- (e) Name / identity of the customer/ Authorised signatory/ Beneficial owner should not appear / match with any person or entity, whose name appears in the sanctions lists / designated lists/ other lists as circulated by United Nations Security Council (UNSC) / RBI / FIU-IND / any other regulatory authority, as amended from time to time.
- (f) The mandatory information to be sought for KYC purpose while opening a loan account and during the periodic updation, are as specified in this policy.
- (g) Optional additional information, is obtained with the explicit consent of the customer after the loan account is opened.
- (h) A Unique Customer Identification Code (UCIC) shall be allotted while entering into new relationships with customers (individual as well as non-individuals) as also the existing customers.
- (i) The Company shall apply the CDD procedure at the Unique Customer Identification Customer (UCIC) level. Thus, if an existing KYC-compliant customer of the Company desires to open another account or avail of any other product or service from the Company, there shall be no need for a fresh CDD exercise as far as identification of the customer is concerned.
- (j) CDD Procedure is followed for all the joint loan account holders, while applying in joint.
- (k) Circumstances in which, a customer is permitted to act on behalf of another person/ entity, are clearly spelt out in the policy.
- (l) Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.
- (m) Where an equivalent e-document is obtained from the customer, the Company shall verify the digital signature as per the provisions of the Information Technology Act, 2000.

- (n) Where Goods and Services Tax (GST) details are available, the GST number shall be verified from the search/verification facility of the issuing authority
- (o) Customer / Authorised signatory/Beneficial Owner classified as fraud by the Company or any other financial entity regulated by RBI or also entities and persons associated with such entities shall be treated as per the board approved Fraud Risk Management Policy.

It is important to note that the adoption of Customer Acceptance Policy and its implementation should not result in denial of services to general public, especially to those, who are financially or socially disadvantaged, including the Persons with Disabilities (PwDs).

Where, the Company 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

5. Risk Management

For Risk Management, the Company shall have a risk-based approach which includes the following:

- (i) Customers shall be categorized as low, medium and high-risk category, based on the assessment and Risk perception of the Company..
- (ii) These principles shall be 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.
- (iii) 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.
- (iv) Indicative list of customers for Risk Categorization: -

✓ **Low Risk**

1. All Salaried employment getting salary in bank account.
2. All Self-employed with documented income
3. All Salaried/Self-employed with informal income/non documented income with Loan exposure of Rs 50 lacs
4. Cash Transaction below 2 lacs cumulatively

✓ **Medium Risk**

1. All Salaried/Self-employed with informal income/non documented income with Loan exposure of Rs 50 lacs to 100 Lacs
2. Cash transactions more than Rs.2 Lakhs but up to Rs.5 lakhs cumulatively

✓ **High Risk**

1. Politically Exposed Persons (PEP)

2. Loans to Non-Resident Indian (NRI)
3. Non-Face-to-Face onboarding customer
4. Appeared anytime in sanction / watch lists
5. Ever reported to FIU-IND
6. Loans to Trusts, Societies, NGOs and organizations receiving donations.
7. All Salaried/Self-employed with informal income/non documented income with Loan exposure more than 100 lacs
8. Cash transactions exceeding Rs.5 Lakhs cumulatively

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 this policy.

The Company may use the Financial Action Task Force (FATF) Public Statement, the reports and guidance notes on KYC/AML issued by the Indian Banks Association (IBA), and other agencies etc. in its risk assessment.

5A. Money Laundering and Terrorist Financing Risk Assessment by the Company:

- (i) The Company shall carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically (at least annually) to identify, assess and take effective measures to mitigate its money laundering terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels, etc.
- (ii) The assessment process shall 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, the Company shall take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with the Company from time to time.
- (iii) The risk assessment shall be properly documented, and it shall be proportionate to the nature, size, geographical presence, complexity of activities / structure, etc. of the Company.
- (iv) 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.
- (v) The Company shall apply a Risk Based Approach (RBA) for mitigation and management of the identified risk, in line with this policy. The Company shall implement a CDD programme, having regard to the ML/TF risks identified (by the Company itself) and the size of business, for mitigation and management of the identified risk. Further, the Company shall monitor the implementation of the controls and enhance them if necessary.

6. CUSTOMER IDENTIFICATION PROCEDURE (CIP)

The Company shall undertake identification of customers in the following cases:

- (i) Commencement of an account-based relationship with the customer.
- (ii) When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.

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

- (i) The Company shall immediately obtain records or the information of the customer due diligence carried out by the third party either from the third party or from the CKYCR records.
- (ii) The Company shall take adequate steps to satisfy itself 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.



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- (iii) The third party is regulated, supervised or monitored, and has measures in place for compliance with customer due diligence and record-keeping requirements in line with the requirements and obligations under the PML Act.
- (iv) The third party is not be based in a country or jurisdiction assessed as high risk.
- (v) The Company is ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

While undertaking customer identification through third parties, the Company shall ensure that the decision-making functions of determining compliance with KYC norms are not outsourced.

6A. CUSTOMER DUE DILIGENCE (CDD) PROCEDURE

Part- I CDD Procedure in case of individuals

The Company shall obtain the following from an individual while carrying out CIP or while dealing with the individual who is a beneficial owner, authorized signatory or the power of attorney holder related to any legal entity:

- (i) the Aadhaar number, where
 - a) they are desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar Act; or
 - b) they decide to submit their Aadhaar number voluntarily to the Company; or

Provided that, the Company shall carry out authentication of the customer's Aadhaar number using UIDAI's e-KYC authentication facility. Further, in such a case, if customer wants to provide a current address, different the address as per the identity information available in the Central Identities Data Repository, he may give a self-declaration to that effect.

- (ii) the proof of possession of Aadhaar number where offline verification can be carried out; or
Provided that, the Company shall carry out such offline verification.
- (iii) 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; or

Provided that, in case customer submits an equivalent e-document of any OVD, the Company 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 specified under Digital KYC Process and its rules and regulations reproduced under **Annexure-A**.

Provided further that in case customer submits any OVD or proof of possession of Aadhaar number, where offline verification cannot be carried out, the Company shall carry out verification through digital KYC process and its rules and regulations reproduced under **Annexure-A**.

- (iv) the KYC Identifier with an explicit consent to download records from CKYCR;
Provided that the Company shall retrieve the KYC records online from the CKYCR in accordance with the rules prescribed for sharing KYC information with CKYCR.
and
- (v) the PAN or the equivalent e-document thereof or Form No. 97 as defined in Income-tax Rules, 2026; and

- (vi) such 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 Company as per its Credit Policy.

Provided that for a period not beyond such date as may be notified by the Government for a class of REs, instead of carrying out digital KYC, the Company 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 Act owing to injury, illness or infirmity on account of old age or otherwise, and similar causes, the Company 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 Company and such exception handling shall also be a part of the internal audit. The Company shall ensure to duly record the cases of exception handling in a centralized exception database. The database shall contain the details of grounds of granting exception, customer details, name of the designated official authorizing the exception and additional details, if any. The database shall be subjected to periodic internal audit/inspection and shall be available for supervisory review.

V-CIP process, as prescribed under the RBI Master Direction from time to time, may also be carried out as part of customer identification process, if deemed appropriate.

Explanation 1: The Company shall, where its customer submits a proof of possession of 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.

Explanation 2: The Company can perform biometric based e-KYC authentication, including Aadhaar Face Authentication.

Explanation 3: The use of Aadhaar, proof of possession of Aadhaar etc., shall be in accordance with the Aadhaar Act and the regulations made thereunder.

Explanation 4: Aadhaar number is not mandatory for purposes of KYC. However, in case the customer is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar Act, the customer shall provide the Aadhaar number. In other cases, customers may provide the Aadhaar number voluntarily.

KYC verification once done by one branch of the Company shall be valid for transfer of the account to any other branch of the Company, provided the Company has already completed the full KYC verification 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, the Company shall carry out the CDD of the individual (proprietor).

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:

- Registration certificate including Udyam Registration Certificate (URC) issued by the Government.
- Certificate/licence issued by the municipal authorities under Shop and Establishment Act.
- Sales and income tax returns.
- CST/VAT/GST certificate.
- Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities.



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

Provided that the Company undertakes 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

- (i) For opening an account of a company, the Company shall obtain certified copy of each of the following documents:
 - a) Certificate of incorporation;
 - b) Memorandum and Articles of Association;
 - c) PAN 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) Documents, as required for CDD Procedure in case of individuals, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on the company's 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.
- (ii) For opening an account of a partnership firm, the Company shall obtain certified copy of each of the following documents:
 - a) Registration certificate;
 - b) Partnership deed;
 - c) PAN of the partnership firm;
 - d) Documents, as required for CDD Procedure in case of individuals, relating to beneficial owner, 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) address of the registered office, and the principal place of its business, if it is different.
- (iii) For opening an account of a trust, the Company shall obtain certified copy of each of the following documents:
 - a) Registration certificate;
 - b) Trust deed;
 - c) PAN or Form No.97 of the trust;
 - d) Documents, as required for CDD Procedure in case of individuals, relating to beneficial owner, 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 required for CDD Procedure in case of individuals, for those discharging role as trustee and authorized to transact on behalf of the trust.
 - h) In case a customer is non-profit organisations, it shall be registered on the DARPAN Portal of NITI Aayog. If it is not registered, the Company shall register the details on the DARPAN Portal.
- (iv) For opening an account of an unincorporated association or a body of individuals, the Company shall obtain certified copy of each of the following documents:
- a) Resolution of the managing body of such association or body of individuals;
 - b) PAN or Form No.97 of the unincorporated association or a body of individuals;
 - c) Power of attorney granted to transact on its behalf;
 - d) Documents, as required for CDD Procedure in case of individuals, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf
 - e) Such information as may be required by the Company to collectively establish the legal existence of such an association or body of individuals.
- Explanation: Unregistered trusts/partnership firms shall be included under the term 'unincorporated association' and the term 'body of individuals', includes societies
- (v) For opening accounts of juridical persons (not specifically covered in the earlier part) such as societies, universities and local bodies like village panchayats etc., or who purports to act on behalf of such juridical person or individual or trust, the Company shall obtain certified copy of each of the following documents:
- a) Document showing name of the person authorised to act on behalf of the entity;
 - b) Documents, as required for CDD Procedure in case of individuals, of the person holding an attorney to transact on its behalf and
 - c) Such documents as may be required by the Company to establish the legal existence of such an entity/juridical person.

Part-IV CDD Measures for 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:

- (i) Where the customer or the owner of the controlling interest is:
 - a) an entity listed on a stock exchange in India, or
 - b) it is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions, or
 - c) it is a subsidiary of such listed entities; it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such entities.
- (ii) 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.

7. Monitoring of Transactions

7A. On-going Due Diligence Measures

The Company 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:

- (i) 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.
- (ii) Transactions which exceed the thresholds prescribed for specific categories of accounts.

For on-going due diligence, the Company may consider adopting appropriate innovations including artificial intelligence and machine learning (AI and ML) technologies to support effective monitoring. The extent of monitoring shall be aligned with the risk category of the customer.

A system of periodic review of risk categorisation of accounts at least once in six months, and the need for applying enhanced due diligence measures shall be put in place. High risk accounts have to be subjected to more intensified monitoring.

7B. Reporting to Financial Intelligence Unit – India (FIU-IND)

The Company shall comply with the reporting requirements prescribed under the PML Act and the PML Rules, and shall furnish to the Director, Financial Intelligence Unit-India (FIU-IND), all information relating to transactions specified under Rule 3, in accordance with Rule 7 thereof and the guidelines issued by FIU-IND from time to time.

The Company shall adhere to the prescribed reporting formats, reporting format guides, and utilise the Report Generation Utility and Report Validation Utility or other electronic utilities made available by FIU-IND for timely filing of Cash Transaction Reports (CTR), Suspicious Transaction Reports (STR) and Counterfeit Currency Report (CCR).

The Principal Officer shall ensure appropriate arrangements for collection and electronic submission of transaction data, including from non-computerised branches, if any. Any delay in reporting or rectification of misreported transactions beyond the prescribed timelines shall be treated as a separate violation for each day of delay. Filing of STRs shall not result in restriction of customer account operations. The Company, its directors, officers and employees shall maintain strict confidentiality regarding the maintenance and furnishing of records to FIU-IND, without prejudice to internal sharing of analysis of unusual or suspicious transactions as permitted under applicable directions.

The Company shall also report the details of accounts resembling any of the individuals/entities in the sanction lists as per Para 7C and 7D below to FIU-IND.

7C. Obligations under the Unlawful Activities (Prevention) (UAPA) Act, 1967

The Company shall ensure that in terms of section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, it does 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), namely the 'ISIL (Da'esh) & Al-Qaida Sanctions List' and the 'Taliban Sanctions List (1988 Sanctions List)'.

The Company shall also ensure to refer to the lists as available in the Schedules to the Prevention and Suppression of Terrorism (Implementation of Security Council Resolutions) Order, 2007, as amended from time to time. The Company shall verify the aforementioned lists, i.e., UNSC Sanctions Lists and lists as available in the Schedules to the Prevention and Suppression of Terrorism (Implementation of Security Council Resolutions) Order, 2007, as amended from time to time, on a daily basis, and any modifications to the lists in terms of additions, deletions or other changes shall be taken into account by the Company for meticulous compliance.

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.

7D. Obligations under Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act, 2005)

The Company shall ensure compliance with the “Procedure for Implementation of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005” laid down in terms of Section 12A of the WMD Act, 2005 vide Order dated January 30, 2023, by the Ministry of Finance, Government of India. The Company shall ensure not to carry out transactions in case the particulars of the individual / entity match with the particulars in the designated list.

Customers shall be screened at onboarding and on an ongoing basis against the designated lists issued by FIU-India, applicable other UNSCRs, and relevant schedules under the UAPA, 1967, and no transactions shall be carried out where a match is identified.

In case of a match or where there is reason to believe that funds or assets fall within the scope of Section 12A of the WMD Act, the Company shall immediately prevent transactions, report full particulars to the Central Nodal Officer (Director, FIU-IND) with copies to the State Nodal Officer and RBI, and promptly comply with all directions relating to freezing or unfreezing of assets in accordance with the prescribed procedure.

The Company shall verify every day, the ‘UNSCR 1718 Sanctions List of Designated Individuals and Entities’, to take into account any modifications to the list and also ensure compliance with the ‘Implementation of Security Council Resolution on Democratic People’s Republic of Korea Order, 2017’, as amended from time to time.

8. Updation/ Periodic Updation of KYC

For the purpose of effective monitoring of KYC, the Company 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.

The Company shall carry out periodic updation of KYC as per below grid from the date of opening of the account / last KYC updation, as per the following procedure:

Risk Category	Periodic Updation of KYC
High	2 years
Medium	8 years
Low	10 years

(i) Individuals:

No change in KYC information: In such case, the Company shall obtain a self-declaration in this regard from the customer through the Aavas Loan App or by logging into the loan account on the Aavas website, using the mobile number registered with the Company.

Change in address or KYC information: In such case, the Company shall obtain a copy of OVD, deemed OVD or the equivalent e-documents thereof, for the purpose of proof of address, declared by the customer at the time of updation / periodic updation. Customers can submit a copy of OVD by personally visiting any branch of the Company.

The Company may also use Aadhaar OTP based e-KYC in non-face-to-face mode for updation / periodic updation. Declaration of current address, if the current address is different from the address in Aadhaar, shall not require positive confirmation in this case. The Company shall ensure that the mobile number for Aadhaar authentication is same as the one available with it in the customer's profile, in order to prevent any fraud.

(ii) Customers other than individuals:

No change in KYC information: In such case, the Company shall obtain a self-declaration in this regard from the customer through the Aavas Loan App or by logging into the loan account on the Aavas website, using the mobile number or email id registered with the Company. Further, the Company shall ensure during this process that Beneficial Ownership information available with them is accurate and shall update the same, if required, to keep it as up-to-date as possible.

Change in KYC information: In such case, the Company shall undertake the KYC process equivalent to that applicable for onboarding a new customer.

(iii) Additional measures: In addition to the above, the Company shall ensure that:

- a) The KYC documents of the customer as per the current CDD standards are available with them. Further, in case the validity of the CDD documents available with the Company has expired at the time of periodic updation of KYC, the Company shall undertake the KYC process equivalent to that applicable for onboarding a new customer.
- b) The Company shall verify the Customer's PAN details, if available, from the database of the issuing authority.
- c) Acknowledgment is provided to the customer mentioning the date of receipt of the relevant document(s), including self-declaration from the customer, for carrying out updation / periodic updation. Further, it shall be ensured that the information / documents obtained from the customers at the time of updation / periodic updation of KYC are promptly updated in the records / database of the Company and an intimation, mentioning the date of updation of KYC details, is provided to the customer.
- d) The facility of updation / periodic updation of KYC is available at all branches.
- e) The Company 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 the Company the update of such documents within 30 days for the purpose of updating the records at Company's end.
- f) Due Notices for Periodic Updation of KYC (With effect from January 1, 2026)
 - At least three advance intimations (1 by letter) prior to the due date and at least 3 reminders (1 by letter) after the due date shall be sent to the customers.
 - Such intimations / reminders shall be duly recorded for audit trail.

- The letter of intimation/ reminder may, inter alia, contain easy to understand instructions for updating KYC, escalation mechanism for seeking help, if required, and the consequences, if any, of failure to update their KYC in time.
- g) Periodic Updation of KYC shall be carried out at the UCIC level.

In case of existing customers, the Company shall obtain the PAN or equivalent e-document thereof or Form No.97, by such date as may be notified by the Central Government, failing which the Company shall temporarily cease operations in the account until the customer submits the PAN or equivalent e-documents thereof or Form No. 97.

Provided that before temporarily ceasing operations for an account, the Company shall give the customer an accessible notice and a reasonable opportunity to be heard. Further, appropriate relaxation(s) shall be given, as per internal policy, for continued operation of accounts for customers who are unable to provide PAN or equivalent e-document thereof or Form No. 97 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 gives in writing to the Company that he does not want to submit his PAN or equivalent e-document thereof or Form No.97, the Company 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.

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 till such time the customer complies with the provisions of this Section.

9. Compliance of KYC policy:

- (i) 'Senior Management' for the purpose of KYC compliance shall mean:
 - a) Chief Credit Officer, for ensuring implementation of KYC policies and procedures and ensuring compliance with the regulatory guidelines on KYC/ AML issued from time to time.
 - b) Head of Operations, for maintaining all KYC records of the borrowers.
- (ii) Allocation of responsibility for effective implementation of policies and procedures.
- (iii) The Company shall ensure independent evaluation of the compliance functions of its policies and procedures, including legal and regulatory requirements.
- (iv) The internal auditor needs to quarterly update to the Audit Committee on the compliance with KYC/Anti-Money Laundering (AML) policies and procedures.
- (v) Audit Committee shall be reported in the form of a note on a quarterly basis about the status of KYC Compliance in accordance with this policy.
- (vi) The Company shall ensure that the decision-making functions of determining compliance with KYC norms are not outsourced.

10. Enhanced Due Diligence Procedure (EDD)

10A. EDD in case of Non-face-to-face customer onboarding:

Non-face-to-face onboarding would include customer onboarding without meeting the customer physically or through V-CIP. Non-face-to-face would include use of digital channels such as CKYCR, DigiLocker, equivalent e-document, etc., and non-digital modes such as obtaining copy of OVD certified by additional certifying authorities as allowed for NRIs and PIOs, where there is no physical interaction with the customer.

Following EDD measures shall be undertaken by the Company for non-face-to-face customer onboarding.

- (i) V-CIP shall be provided as the first option to the customer for remote onboarding.
- (ii) In order to prevent frauds, alternate mobile numbers shall not be linked post CDD with such accounts for transaction OTP, transaction updates, etc. Transactions shall be permitted only from the mobile number used for account opening.
- (iii) Apart from obtaining the current address proof, the Company shall verify the current address through positive confirmation such as address verification letter, contact point verification, deliverables, etc. before disbursement of the loan.
- (iv) PAN shall be mandatory in such cases and it shall be verified from the verification facility of the issuing authority.
- (v) The Company shall ensure that first transaction in such accounts is a credit from existing KYC-complied bank account of the customer.
- (vi) Such customers shall be categorized as high-risk customers and accounts opened in non-face to face mode shall be subjected to enhanced monitoring until the identity of the customer is verified in face-to face manner or through V-CIP.

10B. Accounts of Politically Exposed Persons (PEPs):

- (i) The company shall have the option of establishing a relationship with PEPs (whether as customer or beneficial owner) provided that apart from performing normal customer due diligence:
 - a) The Company has 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 Company for establishing the source of funds / wealth;
 - c) the approval to open an account for a PEP is taken from the senior management.
 - 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 PEP.

Explanation: For the purpose of this paragraph, "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."

10C. Customer's accounts opened by Professional Intermediaries

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

- (i) Customer shall be identified when client account is opened by a professional intermediary on behalf of a single client.
- (ii) The Company 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.
- (iii) The Company 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.

- (iv) All the beneficial owners shall be identified where funds held by the intermediaries are not co-mingled at the level of the Company, and there are 'subaccounts', each of them attributable to a beneficial owner, or where such funds are co-mingled at the level of HFC, the Company shall look for the beneficial owners.
- (v) The Company 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.
- (vi) The ultimate responsibility for knowing the customer lies with the Company.

10D. Jurisdictions that do not or insufficiently apply the FATF Recommendations

The Company shall consider the FATF Statements circulated by the RBI from time to time, and publicly available information, to identify jurisdictions that do not or insufficiently apply the FATF Recommendations. The Company shall apply enhanced due diligence measures, commensurate with the assessed risks, to business relationships and transactions involving natural or legal persons (including financial institutions) from such jurisdictions, and shall give special attention to such relationships and transactions. The Company shall examine the background and purpose of these transactions, maintain written records of its findings along with supporting documentation, and make the same available to the RBI or other relevant authorities upon request, without restricting legitimate trade or business activities.

11. Record Management

The Company shall take the following steps regarding maintenance, preservation and reporting of customer information, with reference to provisions of PML Act and Rules.

- (i) Records of all transactions between the Company and the customers, shall be maintained for a period of at least 5 years from the date of transaction, including but not limited to, the nature of the transactions, the amount of the transaction and the currency in which it was denominated, the date on which the transaction was conducted and the parties to the transaction.
- (ii) The records pertaining to the identification of the customers and their addresses, obtained while opening the account and during the course of business relationship and also the registration records on DARPAN portal (if any) etc., shall be preserved as per the Loan Document Records Retention Policy of the Company.

The company shall take appropriate steps to 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. Such records can be maintained in hard or soft format, and swiftly be made available, to the competent authorities upon request.

12. Other General Guidelines

(i) Appointment of Principal Officer

The Board of Directors of the Company has designated 'Chief Compliance Officer' as the Principal Officer. Principal Officer shall be responsible for monitoring and reporting of all transactions and sharing of information as required under the law. The name, designation, address, and contact details of the Principal Officer shall be communicated to the FIU-IND and RBI.

(ii) Appointment of Designated Director

The Board of Directors of the Company has appointed 'Managing Director & Chief Executive Officer' (MD & CEO) as the Designated Director. The Designated Director shall be responsible for ensuring overall compliance with the obligations

imposed under Chapter IV of the PML Act and the Rules. The name, designation, address, and contact details of the Principal Officer shall be communicated to the FIU-IND and RBI.

(iii) Secrecy Obligations and Sharing of Information:

- a) The Company shall maintain secrecy regarding the customer information that arises out of the contractual relationship between the Company and the 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, the Company shall satisfy itself 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:
 - where disclosure is under compulsion of law
 - where there is a duty to the public to disclose,
 - where the interest of the Company requires disclosure and
 - where the disclosure is made with the express or implied consent of the customer.

(iv) Compliance with the provisions of Foreign Contribution (Regulation) Act, 2010

The Company shall comply with the Foreign Contribution (Regulation) Act, 2010, its Rules, and any related instructions or communications issued by the RBI or Ministry of Home Affairs from time to time.

(v) CDD Procedure and sharing KYC information with Central KYC Records Registry (CKYCR)

- a) The Company shall capture the customer's KYC records and upload onto CKYCR within 10 days of commencement of an account-based relationship with the customer, in the manner mentioned in the Rules, as per the KYC templates prepared for 'Individuals' and 'Legal Entities' (LEs).
Operational Guidelines for uploading the KYC data are released by Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI).
- b) Once KYC Identifier is generated by CKYCR, the Company shall ensure that the same is communicated to the individual / LE as the case may be.
- c) Whenever the Company obtains additional or updated information from existing customer, it shall furnish the updated information to CKYCR within seven days.
- d) For the purpose of establishing an account-based relationship, updation/ periodic updation, the Company shall seek the KYC Identifier from the customer, or retrieve the KYC Identifier, if available from the CKYCR and proceed to obtain KYC records online from the CKYCR using the KYC Identifier and the customer shall not be required to submit the same KYC records or information or any other additional identification documents or details, unless –
 - there is a change in the information of the customer as existing in the records of CKYCR; or
 - the KYC record or information retrieved is incomplete or is not as per the current applicable KYC norms; or
 - the validity period of downloaded documents from CKYCR has lapsed; or
 - the Company 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

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

The NBFC shall comply with the provisions of Income Tax Rules 238, 239, and 240 under FATCA and CRS, including determining its status as a Reporting Financial Institution. It shall register on the Income Tax e-filing portal, carry out due diligence to identify reportable accounts using FEDAI reference rates, maintain records through an IT framework, and submit online reports (Form 166 or NIL) signed by the Designated Director. A High-Level Monitoring Committee shall oversee compliance, and the NBFC shall adhere to all updated instructions, guidance notes, and press releases issued by the CBDT.

(vii) Operation of accounts and Money Mules

The Company shall follow strict procedures for account opening and transaction monitoring to prevent the use of accounts as “Money Mules” in fraud schemes. Diligence and ongoing monitoring shall be conducted to identify such accounts, and appropriate action, including reporting of suspicious transactions to FIU-IND, shall be taken.

(viii) Introduction of New Technologies

The Company shall identify and assess the ML/TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products. Further, the Company shall ensure: (a) to undertake the ML/TF risk assessments prior to the launch or use of such products, practices, services, technologies; and (b) adoption of a risk-based approach to manage and mitigate the risks through appropriate EDD measures and transaction monitoring, etc.

(ix) 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 159 applicable to banks, as amended from time to time. Form 97 (as per Income Tax Rules 2026) shall be obtained from persons who do not have PAN or equivalent e-document thereof.

(x) Hiring of Employees and Employee training

- a) The Company shall put in place adequate screening mechanism, including Know Your Employee / Staff policy, as an integral part of their personnel recruitment/hiring process should be put in place to ensure that the staff dealing with / being deployed for KYC/AML/CFT matters have high integrity and ethical standards, good understanding of extant KYC/AML/CFT standards, effective communication skills and ability to keep up with the changing KYC/AML/CFT landscape, nationally and internationally and also develop an environment which fosters open communication and high integrity amongst the staff.
- 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, regulation and related issues should be ensured.

Annexure - A
Digital KYC Process

- (i) The Company shall develop an application for digital KYC verification process as far as possible, which shall be made available at customer touch points for undertaking KYC of their customers and the KYC process shall be undertaken only through this authenticated application of the Company.
- (ii) The Company shall control the access to the Application and shall ensure that unauthorised persons do not use it. Authorised officials shall access the Application only through a login-id and password or a Live OTP or Time OTP controlled mechanism that the Company provides.
- (iii) The customer, for the purpose of KYC, shall visit the location of the authorised official of the Company or vice-versa. The original OVD shall be in possession of the customer.
- (iv) The Company shall ensure that the Live photograph of the customer is taken by the authorized officer and the same photograph is embedded in the Customer Application Form (CAF). Further, the system Application of the Company shall put a water-mark in readable form having CAF number, GPS coordinates, authorized official's name, unique employee Code (assigned by the Company) and Date (DD:MM:YYYY) and time stamp (HH:MM:SS) on the captured live photograph of the customer.
- (v) The Application of the Company shall have the feature that only live photograph of the customer is captured and no printed or video-graphed photograph of the customer is captured. The background behind the customer while capturing live photograph should be of white colour and no other person shall come into the frame while capturing the live photograph of the customer.
- (vi) Similarly, the live photograph of the original OVD or proof of possession of Aadhaar where offline verification cannot be carried out (placed horizontally), shall be captured vertically from above and water marking in readable form as mentioned above shall be done. No skew or tilt in the mobile device shall be there while capturing the live photograph of the original documents.
- (vii) The live photograph of the customer and his original documents shall be captured in proper light so that they are clearly readable and identifiable.
- (viii) Thereafter, all the entries in the CAF shall be filled as per the documents and information furnished by the customer. In those documents where Quick Response (QR) code is available, such details can be auto populated by scanning the QR code instead of manual filing the details. For example, in case of physical Aadhaar/e-Aadhaar downloaded from UIDAI where QR code is available, the details like name, gender, date of birth and address can be auto-populated by scanning the QR available on Aadhaar/e-Aadhaar.
- (ix) Once the above- mentioned process is completed, a One Time Password (OTP) message containing the text that 'Please verify the details filled in form before sharing OTP' shall be sent to customer's own mobile number. Upon successful validation of the OTP, it will be treated as customer signature on CAF. However, if the customer does not have his/her own mobile number, then mobile number of his/her family/relatives/known persons may be used for this purpose and be clearly mentioned in CAF. In any case, the mobile number of authorized officer registered with the Company shall not be used for customer signature. The Company must check that the mobile number used in customer signature shall not be the mobile number of the authorized officer.
- (x) The authorized officer shall provide a declaration about the capturing of the live photograph of customer and the original document. For this purpose, the authorized official shall be verified with One Time Password (OTP) which will be sent to his mobile number registered with the Company. Upon successful OTP validation, it shall be treated as authorized officer's signature on the declaration. The live photograph of the authorized official shall also be captured in this authorized officer's declaration.
- (xi) Subsequent to all these activities, the Application shall give information about the completion of the process and submission of activation request to activation officer of the Company, and also generate the transaction id/reference-id number of the process. The authorized officer shall intimate the details regarding transaction id/reference-id number to customer for future reference.
- (xii) The authorized officer of the Company shall check and verify that a) information available in the picture of document is matching with the information entered by authorized officer in CAF. b) live photograph of the customer matches with the photo available in the document.; and c) all of the necessary details in CAF including mandatory field are filled properly. On Successful verification, the CAF shall be digitally signed by authorized officer of the Company who will take a print of CAF, get signatures/thumb-impression of customer at appropriate place, then scan and upload the same in system. Original hard copy may be returned to the customer.

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/dispensed 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.



SAPNE AAPKE, SAATH HAMAARA

INFORMATION BOOKLET

- ☐ 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 be 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 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 to 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>.

- ☐ 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 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 (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.

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 फाइनेंसियर्स 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



SAPNE AAPKE, SAATH HAMAARA

INFORMATION BOOKLET



CUSTOMER
CARE



E-mail

0141 6618888

customercare@aavas.in



AAVAS FINANCIERS LIMITED