



X

Policy

Regulation

Procedure

(Highest)

## Title: Fair Practice Code

### AMENDMENT/ABOLISHMENT RECORD

Version	Establishment or Amendment	Effective date	Description of change
00	Establishment	28.06.2012	Formulation of policy
01	Amendment	30.01.2015	Amendment as per RBI guidelines
02	Amendment	22.01.2018	Policy approved in 30 <sup>th</sup> Board of Director's Meeting held on 30.01.2015 since there is no change in RBI fair & practice code, EC approval is not required.
03	Amendment	01.08.2020	Section 7 and addition of Section 10 & 11
04	04.11.2022	01.12.2022	Amendments in Introduction and Section 4, 7, 10 & 11
05	03.05.2023	30.05.2023	Amendment under Section 7
06	05.12.2023	22.12.2023	Addition of Section 5: Penal charges in loan accounts Amended as per new organization structure

*Note: The amendment or abolishment of the document shall be done in accordance with the Policy of Policy Control of AEON Credit Service India Pvt. Ltd.*

Mumbai, 22<sup>nd</sup> December, 2023

Approved by: Board of Directors

Mr. Keiichi Nambu

Managing Director

### Remarks:

Policy	The fundamental principles / rules / philosophy of which, the company shall base on, with respect to the business administration and the process of making organisational decisions.
Regulation	The complementary details based on Policy.
Procedure / Flow	Operational procedures and/or methods, based on Policies and Regulations to manage administrative matters.



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## **CHAPTER 1: INTRODUCTION**

AEON Credit Service India Private Limited (ACSI) is a non-deposit taking Non-Banking Financial Company registered with Reserve Bank of India (RBI). ACSI is currently involved in the consumer finance business providing various types of retail loans to individual and corporate enterprises.

The Reserve Bank of India has drafted guidelines on Fair Practice Code for Non-Banking Finance Companies (“NBFC”) which sets out the Fair Practices Standards when dealing with customers and to serve as a part of best corporate practice.

Pursuant to the RBI circulars and notifications as amended from time to time, ACSI has formulated this Fair Practice Code (“Code”) to lay down the procedures/practices in relation to its lending activities. This Code shall apply across all aspects of ACSI’s operations including all products and services currently offered by us and those that may be introduced at a later date.

### **Section 1: Objectives of the Code**

The code has been developed with an objective:

- To promote good and fair practice for dealing with the customers while carrying out business operations.
- To provide greater transparency to enable the customers for having a better understanding of the product and taking informed decisions.
- To encourage market forces through competition to achieve higher operating standard.
- To foster the confidence of the customer in the company.

### **Section 2: Company’s Commitment**

ACSI shall endeavor to provide its customers and business partners assurance and trust in their daily lifestyle considering that “everything we do, we do for our customers”.

ACSI shall ensure that its products and services offered to its customers meet the relevant laws and regulatory requirements and shall explain all financial implications, terms and conditions and the products key features clearly and in a transparent manner to its customers.

ACSI shall ensure to act fairly and in timely manner attending to its customers’ needs, enquiries, and complaints with integrity, highest level of transparency, ethical principles and professionalism.

And also ensure that its customers acknowledge all the documentary information required by the company as per the “**Know Your Customer**” norms and regulations and shall strictly observe the confidentiality and customer’s information security.



## **CHAPTER 2: LOAN TO CUSTOMERS**

### **Section 3: Application for loans and their processing**

- a) All communications to the borrower shall be in English or in a vernacular language as understood by the borrower.
- b) Loan application forms shall include all the necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. The loan application form shall indicate all the documents required to be submitted with the application form.
- c) ACSI has devised a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of is indicated in the acknowledgement.

### **Section 4: Loan Appraisal & Terms / Conditions**

ACSI shall convey in writing to the borrowers in vernacular language or in a language that is understood by the borrowers by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions of the loan amount sanction, its annualized rate of interest and other terms and conditions by the borrowers on its record including the method of loan application. ACSI shall mention the penalties charged for late repayment in bold letters in the loan agreement.

ACSI shall furnish a copy of the loan agreement in vernacular language or in a language that is understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to the borrowers at the time of sanction or disbursement of loan.

### **Section 5: Penal Charges in loan accounts**

- a. If any penalty is charged for non-compliance of material terms and conditions of loan contract by the borrower, it shall be treated as “penal charges” and there shall be no capitalisation of penal charges i.e., no further interest computed on such charges.
- b. There shall be no additional component to the rate of interest.
- c. The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan/product category.
- d. The quantum and reason for penal charges shall be clearly disclosed to the customers in the loan agreement and the important terms and conditions/ Key Fact Statement (KFS) in addition be displayed on ACSI website under Interest rates and Service Charges.
- e. In case reminders for non-compliance with the terms and conditions of loan are sent to the borrowers, the penal charges shall be communicated. Any instance of levy of penal charges and the reason thereof shall also be communicated.

### **Section 6: Disbursement of loans including changes in terms and conditions**

ACSI shall give notice to borrower in vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, fees and



charges i.e. service charges, interest rate, prepayment charges etc. ACSI shall also ensure that changes in the interest rates and charges are effected only prospectively.

All decisions to recall/ accelerate payment or performance under the agreement should be in consonance with the loan agreement.

ACSI shall release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim the company may have against the 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 ACSI is entitled to retain the securities till the relevant claim is settled / paid.

## Section 7: General

ACSI shall refrain from interference in the affairs of the borrower except for the purpose 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 borrower's account, the consent or otherwise, i.e., objection of ACSI, if any, shall be conveyed to the borrower within 21 days from the date of receipt of request. Such a transfer shall be as per the transparent contractual terms in consonance with the law.

In the matter of recovery of loans, ACSI shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. and shall also ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.

## Section 8: Complaints/Grievances Redressal Mechanism

A complaint will mean an expression of dissatisfaction made to ACSI by any borrower(s) or someone legally representing their interests, about its products, services or complaint-handling process, where a response or resolution is explicitly or implicitly expected. All complaints/disputes arising out of the decisions of the functionaries in relation to the products and services shall be heard and disposed off at least at the next higher level. The Board of Directors shall also provide for periodical review of the compliance of this Code and the functioning of the grievance redressal mechanism at various levels of management. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it. ACSI has set up appropriate Grievances Redressal Mechanism within the organisation for the resolution of the Customers complaint against the Company.

ACSI has designated Person in charge - Customer Service as the Grievances Redressal Officer (GRO) for the said purpose. To redress the grievances, customers may approach the following contact person:

- Customers who wish to lodge any Complaints / Grievances or to provide any feedback may use the following channels between 10:00 AM and 6:00 PM from Monday to Friday (except on national holidays).

### Customer Service

Telephone No: +91 22 62266866

Email Id: [grievance@aeoncredit.co.in](mailto:grievance@aeoncredit.co.in)



Or also can write to us at the below mentioned address:

**Customer Service Department**  
**AEON Credit Service India Private Limited**  
**Unit No.TF-A-01, 3rd Floor,**  
**A - Wing, Art Guild House,**  
**Phoenix Marketcity, LBS Marg,**  
**Kurla (W)**  
**Mumbai-400070**

- Further, pursuant to the Reserve Bank of India (RBI) notification CEPD. PRS. No.4535/13.01.004/2018-19 dated April 26, 2019, along with the notification CEPD.PRD.No.S873/13.01.001/2021-22 dated November 12, 2021, ACSI has appointed a Nodal Officer and a Principal Nodal Officer under the Reserve Bank – Integrated Ombudsman Scheme, 2021. The officers shall be responsible for representing the company and furnishing information to the Ombudsman in respect of complaints filed against the company. A brief contact details of the Nodal Officer and Principal Nodal Officer is tabled below :-

<b>Name of Nodal Officer</b>	<b>Contact Details</b>
<b>Mr. Tarun Bali (Nodal Officer)</b>  Designation: Manager, Customer Service Department	AEON Credit Service India Private Limited Unit No.TF-A-01, 3rd Floor, A Wing, Art Guild House, Phoenix Marketcity, LBS Marg, Kurla (W), Mumbai- 400 070 Tel: 022 – 62266866 Email: <a href="mailto:Tarun_Bali@aeoncredit.co.in">Tarun_Bali@aeoncredit.co.in</a>
<b>Mr. Sanjaya Kumar Dash (Principal Nodal Officer)</b>  Designation : Whole Time Director and Company Secretary	AEON Credit Service India Private Limited Unit No.TF-A-01, 3rd Floor, A Wing, Art Guild House, Phoenix Marketcity, LBS Marg, Kurla (W), Mumbai- 400 070 Tel: 022 – 62266800 Email: <a href="mailto:sanjaya_dash@aeoncredit.co.in">sanjaya_dash@aeoncredit.co.in</a>

- If the complaint / dispute is not redressed within a period of one month, the customer may take up the complaint with the Ombudsman under the Reserve Bank – Integrated Ombudsman Scheme, 2021. The salient features of the Scheme are uploaded on the website of the company <https://www.aeoncredit.co.in>. A copy of the Reserve Bank – Integrated Ombudsman Scheme, 2021 and complaint form/ link for filing online complaint is available at the RBI website at <https://cms.rbi.org.in>.

## **Section 9: Language and Mode of Communicating Fair Practice Code**

Fair Practice Code shall preferably be in a vernacular language or any other language as understood by the borrower(s) and the same shall be uploaded on the website of the company for the information of various stakeholders.

## **Section 10: Regulation of Excessive Interest Charged**

The Board of ACSI has laid down appropriate internal policies and procedures in determining interest rates and processing charges.



ACSI has adopted interest rate model for determining the rate of interest to be charged for loans and advances taking in to account the various relevant factors such as cost of funds, margin, and risk premium etc. 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(s) or customer(s) in the application form and communicated explicitly in the sanction letter.

The rate of interest and the approach for gradation of risk shall also be made available on the website of the company or published in the relevant newspapers. The information published on the website or otherwise published shall be updated whenever there is a change in the rate of interest.

The rate of interest should be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

### **Section 11: Department in charge**

Department in charge of handling this policy shall be Corporate Affairs and Compliance Department.

### **Section 12: Revision & Abolishment**

Revision and Abolishment of this policy shall be planned and conducted by the Corporate Affairs and Compliance Department.

Revision and Abolishment of this policy requires an appropriate resolution to that effect passed at a Board of Directors' Meeting. The organization shall review this policy annually or as and when required pursuant to the changes in law/ business environment or strategy requirements or developments of Policy of Policy Control.

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