

Fair Practices Code for Rabo India Finance Limited (“the Company”)

1. The Customer shall be provided with all necessary information and documents, required along with the term sheet / application / proposal, as the case may be, that will be considered by the Company. When the proposal is submitted by the Customer having complied with the requisite formalities, they shall be informed of the time frame within which the proposal is likely to be disposed off by the Company. The Company shall ensure that the Customer is supplied with sufficient information to enable them to make informed decisions about the Company's recommendations. Information supplied must be clear, fair and not misleading.
2. All communication (including for amendments or addendums) with the Customer in relation to the sanction / facilities / loan / mandate / proposals shall be in writing. All communication including acceptances shall be preserved by the Company.
3. The Company to give notice to the Customer, before taking a decision to recall / accelerate payment or performance under the agreement or seeking additional securities. The amendments / addendums to the proposal / sanction / agreement / any other documentation shall be in writing and in consonance with the Loan Agreement / relevant document(s). Changes in the interest rates and charges shall be effected prospectively.
4. All securities shall be released in terms of the relevant agreement, upon repayment of dues or on realisation of the outstanding amount of loan, subject to any legitimate right or lien for any other claim that the Company may have against the Customer. Due notice, containing full particulars, shall be given incase where set-off is entitled in favor of the Company.
5. The Company will not interference in the affairs of the Customer, except as provided in the sanction / term sheet / loan agreement, as the case may be, (unless new information, not earlier disclosed by the Customer, has come to the notice of the Company).
6. Any request for the transfer of Customer account should be dealt with and communicated to the Customer in writing within 21 days from the date of receipt of request.
7. The Company shall ensure that its process of recoveries will not involve harassment to the Customer.
8. Grievance Redressal Mechanism (GRM): The Customer shall be informed of the Customer Complaint Policy / GRM followed by the Company. The Customer shall be entitled to approach the Local Compliance Officer (presently Ms. Sejal Jaradi) at any time during the term of the loan. The Local Compliance Officer shall ensure to take up the grievance promptly and try to resolve the matter expeditiously. If the matter is not resolved within a period of 7 working days or is not capable of being resolved then the Customer shall be informed appropriately at the earliest opportunity. All communication in relation to the GRM shall be in writing.
9. Periodical review shall be undertaken for the compliance of these guidelines and a consolidated report of the same shall be submitted to the Board of Directors of the Company at regular intervals.
10. The above Policy is based on the draft guidelines on Fair Practices Code (FPC) framed by the Reserve Bank of India (RBI), which is annexed herewith. For the purpose of any interpretation, reference, etc. on the above Policy, please be guided by the FPC framed by the RBI, which shall prevail. Also refer to the Code of Conduct and the Worldwide Compliance Standards of the Rabobank Group.
(April 18, 2007)

Annexure

Guidelines on Fair Practices Code for NBFCs prescribed by RBI notification no. RBI / 2006-07 /138 DNBS (PD) CC No. 80 / 03.10.042 / 2005-06 dated September 28, 2006

(i) Applications for loans and their processing

- (a) Loan application forms should include 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 may indicate the documents required to be submitted with the application form.
- (b) The NBFCs should devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of should also be indicated in the acknowledgement.

(ii) Loan appraisal and terms/conditions

The NBFCs should convey in writing to the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record.

(iii) Disbursement of loans including changes in terms and conditions

- (a) The NBFCs should give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. NBFCs should also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.
- (b) Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- (c) NBFCs should release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim NBFCs 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 NBFCs are entitled to retain the securities till the relevant claim is settled/paid.

(iv) General

- (a) NBFCs should refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the lender).
- (b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the NBFC, if any, should 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.
- (c) In the matter of recovery of loans, the NBFCs should not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.

- (v) The Board of Directors of NBFCs should also lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism

should ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level. The Board of Directors should also 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. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it.

- (vi)** Fair Practices Code based on the guidelines outlined hereinabove should be put in place by all NBFCs with the approval of their Boards within one month from the date of issue of this circular. NBFCs will have the freedom of drafting the Fair Practices Code, enhancing the scope of the guidelines but in no way sacrificing the spirit underlying the above guidelines. The same should be put up on their web-site, if any, for the information of various stakeholders.