

## **Fair Practices Code (“FPC”) for**

### **De Lage Landen Financial Services India Private Limited (“the Company”)**

1. The Company has two divisions: Vendor Finance, and Agri Finance. Customers of the Vendor Finance divisions are businesses, non-retail in nature and therefore well-versed in the English language. Many customers of the Company’s Agri Finance division will be individuals in rural India. Customer communications with customers from the Vendor Finance division are in English language. The Company’s written communications such as welcome letter and repayment schedule etc. provided to tractor loan customers that are individuals who comprise an overwhelming majority of the Agri Finance division’s customer base, are in the local language commonly understood by people of the state to which the individual customers belong. Copies of standard agreement templates in local languages are also available on the Company’s website.
2. Where the Company has offered products such as Operating leases which are not viewed as financial products, the FPC will be applied to non-financial products to the extent it is expedient or found to be feasible or practically possible by the Company. For instance, since Operating leases are primarily rental or use arrangements and not financing transactions, the annualized interest (lending) rate is not disclosed to the customers in the Operating lease agreement signed with them. Nor is the Company’s approach for gradation of risk and rationale for charging different rates of interest to different categories of customers incorporated in Operating lease agreements signed with customers or in sanction letters issued to such customers.
3. Lending to the Company’s non-retail customer base e.g. from the Vendor Finance division, is expected to be through a two-way dialogue and discussion process with customers and not necessarily in the form of an application form and approval letter. The outcome of customer interaction and negotiations resulting in an approved credit is captured in the form of a signed credit agreement with the customer. Any follow up documentation pursuant to the terms of the

Registered Office:

De Lage Landen Financial Services India Pvt. Ltd.

CIN: U65900MH2011FTC221903

B2-708, 7<sup>th</sup> Floor, 'B' Wing,

Boomerang Co-Operative Premises Society Limited,

Saki Naka, Chandivali Farm Road, Near Chandivali Studio,

Andheri (East), Mumbai – 400072, India

Telephone +91 22 6982 3199

[www.dllgroup.com](http://www.dllgroup.com)

DLL (De Lage Landen) has offices in more than 30 countries throughout Europe, North America, South America, Australia and Asia. The company is part of the Rabobank Group.

signed credit agreement will serve as an acknowledgement that the requisite formalities for granting credit have been completed by a customer.

4. However, the Company may originate business using an application form, particularly in the Agri Finance division. In these cases, the application form will include information to enable a meaningful comparison with competition viz. financing amount applied for and requisite documents, and the Company will acknowledge receipt of all application forms and indicate a time frame for responding back to the applicants. Since the Company's financing decisions are on a case-by-case basis, the rate of interest will not be a part of the application form although the form will contain the Company's approach and rationale for interest rates and gradation of risk. Even in cases where an application form is used to originate business, the Company may not always issue a sanction or approval letter: an approved credit will be captured in the form of a signed credit agreement with the customer. Any follow up documentation pursuant to the terms of the signed credit agreement will serve as an acknowledgement that the requisite formalities for granting credit have been completed by a customer. In cases where a sanction or approval letter is issued, it will contain the Company's approach to gradation of risk and rationale for charging different rates of interest to different categories of borrowers.
5. Customer information to establish their identity and enable credit assessment will be obtained in the course of the aforesaid customer contact in compliance the Company's policies and applicable regulations. Credit will not be disbursed to a customer unless they meet the Know Your Customer/Anti-Money Laundering requirements and the Company's internal credit standards.
6. The final signed credit agreement and accompanying documentation containing the amount of credit granted, annualized interest (lending) rate and the various terms and conditions, will evidence the Company's credit approval. The said annualized interest rate will enable the customer to understand the exact rate charged to the account. Penal interest on late repayments shall be mentioned in bold in the credit agreement. A copy/set of the credit agreement along with all schedules / annexures / enclosures, if any will be given to every customer upon disbursement. The Company will retain a signed original of the credit agreement.
7. Changes to the credit agreement or its terms shall be through an amendment to the agreement. Changes in the fixed rates of interest charged, or the basis of charging the interest

rate in case of floating/adjustable rates, and charges shall be effected prospectively as set out in the credit agreement. No foreclosure / pre-payment charges / penalties will be levied on borrowers that are individuals, on their floating rate term loans availed for purposes other than business.

8. The Company shall notify the customer to the extent and in the manner set out in the credit agreement when taking a decision to recall/accelerate payment or performance or seeking additional securities.
9. All securities shall be released in terms of the relevant agreement, upon repayment of dues or on realization of the outstanding amount of loan/credit subject to any legitimate right or lien for any other claim that the Company may have against the customer. Due notice containing full particulars about the remaining claims and conditions under which the Company is entitled to retain the securities till the relevant claim is settled/paid shall be given to the customer in the event such right of set-off is exercised by the Company.
10. The Company shall not interfere in the affairs of the customer, except as provided in the credit agreement unless new information, not earlier disclosed by the customer, has come to the notice of the Company.
11. The Company shall communicate its consent or objection to a customer in writing within 21 days from the date of receipt of a request from the customer for transfer of their account. Such transfer request shall be dealt with transparently in consonance with the contractual terms and any applicable law or regulation.
12. The Company shall have a legally enforceable, built-in repossession clause in the credit agreement with the customer. The credit agreement will also contain transparent terms and conditions pertaining to repossession such as notice period before taking possession and manner of taking possession. A copy of such terms and conditions forming a part of the credit agreement shall be made available to the customers along with a copy of the signed credit agreement.
13. The Company shall ensure that its recovery/repossession process will not involve harassment to the customer, persistently bothering borrowers at inconvenient hours, or the use of muscle power. The Company shall ensure that its staff involved in recovery process is adequately trained to deal with the customers in an appropriate manner. The Company will include

appropriate contractual terms in arrangements with any third parties involved in the recovery process to ensure customers are not harassed as aforesaid. Staff shall be adequately trained to deal with customers in an appropriate manner.

14. Grievance Redressal: The customer shall be informed of the Grievance Redressal Mechanism (“GRM”) followed by the Company by displaying it at the Company’s branch/es / places of business and publishing it on the Company’s website. All disputes relating to lending decisions shall be heard and disposed off / reviewed at the next higher level or by officials independent of the credit risk hierarchy. The GRM shall contain the name and contact details (telephone / mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of their complaints against the Company. If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Office of the NBFC Ombudsman, C/o Reserve Bank of India, RBI Byculla Office Building, Opp. Mumbai Central Railway Station Byculla, Mumbai - 400 008 or Officer-in-Charge of Reserve Bank of India’s (“RBI”) Mumbai Regional Office of the Department of Non-Banking Supervision and the GRM should contain the relevant complete contact details. The Company has also appointed Nodal Officer as per the directions contained in the prevailing Ombudsman Scheme for NBFCs.
15. Periodical review shall be undertaken of (i) the compliance of the guidelines on Fair Practices Code for Non-Banking Financial Companies as per circulars framed by the Reserve Bank of India from time to time, and (ii) the functioning of the GRM at various levels of management. Pursuant to such review, if required, the FPC shall be amended accordingly. A consolidated report of reviews shall be submitted to the Board of Directors of the Company at regular intervals, at least annually.
16. The Board of Directors of the Company shall lay down appropriate internal principles and procedures in determining interest rates and processing and other charges levied on customers. Competitive pressures in the Company’s chosen market segments coupled with the attendant choice of financial products and financial service providers available to customers serve as natural safeguards against charging an excessive rate of interest to the Company’s customers. The Board shall adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc. for determining the rate of interest to be charged for loans, credits and advances. The rate of interest charged and the approach for gradations of risk and rationale for charging different rates of interest to different



categories of customers shall be disclosed to the customer through the credit agreement and/or accompanying documents. The Company's approach towards gradation of risks shall also be published on the Company's website. Information published on the website will be updated to reflect any future changes in the Company's approach towards gradation of risks.

Date:	September 16, 2021
Board Approval:	September 16, 2021
Next Review Date:	September 16, 2023
Document Owner:	Compliance