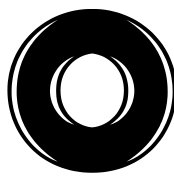


# MACQUARIE FINANCE (INDIA) PRIVATE LIMITED



MACQUARIE

## FAIR PRACTICES CODE

### Scope and Application

This policy sets out a fair practice code for Macquarie Finance (India) Private Limited (“**MF IPL**” and /or “**Company**”) towards disbursement of loans for borrowers in accordance with RBI circular number DNBS (PD) CC No. 80/03.10.042/2005-06 dated September 28, 2006 read with RBI circular number DNBS.PD/ CC. No. / 03.10.042 /2007-08 dated October 10, 2007, RBI circular number DNBS.CC.PD. No. 266/03.10.01/2011-12 dated March 26, 2012 and RBI circular number DNBS.CC.PD. No. 320/03.10.01/2012-13 dated February 18, 2013 (herein after collectively referred to as “**RBI Guidelines**”). MF IPL will not be indulging in vehicle finance business; hence requirements pertaining to vehicles finance and are not included in the Policy. Should MF IPL seek to enter the vehicle financing business, the Fair Practices Code will be updated accordingly.

This policy is intended to complement the Macquarie Code of Conduct.

### Definitions

**Applicant** – An applicant being an individual, HUF, partnership firm, company or trust who is resident Indian that makes an application to the Company for availing loan.

**Board** – The Board of Directors of the Company.

**Borrower** an Applicant whose loan application has been sanctioned / approved and/or in respect of whom the loan amount is being disbursed by the Company to the Applicant.

**Business Day** – A day other than (i) Saturday and Sunday, (ii) a day on which the Reserve Bank of India or the banks in Mumbai are closed.

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The Reserve Bank of India does not accept any responsibility or guarantee about the present position as to the financial soundness of Macquarie Finance (India) Private Limited (the “company”) or for the correctness of any statements or representations made or opinions expressed by the company and for discharge of liability by the company. Neither is there any provision in law to keep, nor does the company keep any part of the deposits with the Reserve Bank of India and by issuing the Certificate of Registration to the company, the Reserve Bank of India neither accepts any responsibility nor guarantee for the payment of the deposit amount to any depositor.

The company is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia), and its obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of the company.

## **Applications and their processing**

To enable Applicants to make an informed decision, MFIPL will adopt a standard loan application forms for each type of loan product that will *inter alia* contain the following:

- Terms and conditions of the loan, along with all other necessary information which would assist the applicants to compare with the terms and conditions offered by other NBFCs;
- The rate of interest and gradations of risk and the rationale for charging different rate of interest to different categories of borrowers;
- List of documents required to be submitted with the application form; and
- Contact person details.

Authorised representative of MFIPL shall only accept loan applications from Applicants between 10.00 am to 5.30 pm. on a Business Day at the registered office of the Company and/or branch office(s) notified by the Board for that purpose (which addresses shall be indicated on the loan application form), and an acknowledgement of receipt shall be issued by MFIPL immediately upon receipt of a loan application. Within 60 days of receipt of an application, MFIPL shall review the loan application and shall either: (i) intimate the Applicant regarding any deficiencies in the application / call for any other information that is essential to disposed of the loan application; or (ii) dispose of the loan application and intimate its approval or rejection of the application to the Applicant.

## **Appraisal and terms/conditions**

MFIPL shall, upon a loan application being approved and before disbursing any amounts under the loan, dispatch a sanction letter to the relevant Applicant at the correspondence address mentioned by such Applicant in the application form setting out *inter alia*:

- The amount of loan sanctioned along with terms and conditions;
- The annualised rate of interest;
- Approach for gradations of risk and rational for charging different rate of interest to different categories of borrowers; and
- The method of application thereof.

MFIPL shall furnish a copy of the loan agreement along with a copy of all enclosures and annexures quoted in the loan agreement to each Applicant along with the sanction letter. All communications to the borrower shall be in a language understood by the borrower.

Upon the Applicant's acceptance of the terms and conditions of the sanction letter and loan agreement, MFIPL shall disburse the loan amount in terms of the disbursement schedule set out in the loan agreement and/or the sanction letter.

- (c) All acknowledgements of the terms and conditions, loan agreements and enclosures / annexures thereto and executed related documents shall be kept on record for a minimum period of 10 years after full and final repayment of the loan.

### **Disbursements and changes in terms and conditions**

MFIPL shall not make any change in the terms and conditions of a loan including the disbursement schedule, interest rates, service charges, prepayment charges etc. without giving advance written notice to the borrowers. MFIPL shall also ensure that changes in interest rates or in the charges shall be effected only on a prospective basis after intimation to the borrowers and this condition shall be incorporated in the loan agreement. If MFIPL intend to charge penal interest for late repayment, it should be stated in bold in the loan application.

MFIPL shall release all securities on repayment of all dues or on realisation of the outstanding amount of loan from the Borrower subject to any legitimate right or lien for any other claim that MFIPL and/or any of its associates may have against that Borrower.

- (c) MFIPL shall ensure that any decision to recall / accelerate payment or performance of the loan or to terminate such loan in consonance with the relevant agreement.
- (d) MFIPL shall not lend against its own shares.
- (e) If MFIPL wishes to exercise a right of set off or lien, MFIPL shall give prior written notice ( as agreed with the Borrowers in the agreement) with full particulars of the outstanding claims and in respect of exercising a lien, also give notice at the same time of the conditions under which MFIPL is entitled to retain the securities or other assets till the outstanding claims are settled / paid.

### **Other considerations**

- (a) MFIPL should refrain from interference in the affairs of the Borrower, the loan agreement and/or the sanction letter for the loan (unless new information, not earlier disclosed by the Borrower, has come to the notice of the Company).
- (b) Upon receipt of a request from the Borrower for transfer of borrowal account, MFIPL shall convey its response within 21 days from the date of receipt of request. MFIPL shall transfer such borrowal account as per transparent contractual terms in consonance with law.
- (b) In the context of recovery of loans or amounts outstanding MFIPL shall not resort to undue harassment of the Borrower, i.e. it should not *inter alia* persistently bother the Borrowers at odd hours, use of muscle power or other similar means for recovery of loans.

- (c) MFIPL should adequately trained staff to deal with the borrower/ customer in an appropriate manner.

**Provisions for accepting gold jewellery as collaterals:**

MFIPL shall not grant loans against gold as only security, if for any of existing loan security coverage ratio (Loan to Value Ratio) falls below acceptable level, gold jewellery can be accepted as additional collateral for such loan. MFIPL shall **NOT** accept bullion / primary gold and gold coins as collaterals. Following broad guidelines shall be followed, for accepting gold jewellery as collaterals:

- (a) Re-assess customer due diligence (“CCD”) in terms of the Customer Acceptance & Know Your Customer Policy and Procures (“KYC Policy”) of the Company, before accepting gold jewellery as collaterals;
- (b) MFIPL shall ensure proper assaying procedure for the jewellery accepted as collaterals. The Process Memorandum of Accepting Jewellery as Collaterals shall document assaying procedure.
- (c) MFIPL shall satisfy with the ownership of the gold jewellery and if jewellery belongs to person other than the borrower, MFIPL shall undertake CDD of the owner of the jewellery in terms of the KYC Policy;
- (d) MFIPL has adequate systems for storing the jewellery in safe custody, reviewing the systems on an on-going basis, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. The jewellery will be transported to a secure vault storage operated by Brinks Arya India Pvt. Ltd. (Brinks).
- (e) MFIPL shall ensure that the jewellery accepted as collateral is appropriately insured; MFIPL will have a claim on Brinks for any loss or damage and Brinks are required as per our legal agreement with them to maintain insurance at all times.
- (f) On case by case basis, the Board of Directors of MFIP will approve a process of auction of jewellery in case of default by borrower as stipulated in the loan agreement. The auction process will be transparent and adequate prior notice to the borrower will be given before the auction date. There will be no conflict of interest and the auction process will ensure that there is arm’s length relationship in all transactions during the auction including with group companies and related entities;
- (g) The auction will be announced to the public by issue of advertisements in at least two newspapers, one in vernacular language and another in national daily newspaper;
- (h) MFIPL shall not participate in such auction; gold jewellery pledged will be auctioned only through auctioneers approved by the Board of Directors;

- (i) The Operations Policy for dealing with gold Jewellery shall stipulate systems and procedures to be put in place for dealing with fraud, safety, security of gold jewellery, including separation of duties of mobilization, execution and approval;
- (j) The loan agreement shall disclose details regarding the auction process.

### **Interest Rate Model**

The Board shall determine the rate of interest to be charged for loans and advances based on the adopted interest rate model. The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the Company or published in the relevant newspapers. The information published in the website or otherwise published should be updated whenever there is a change in the interest rate model.

### **Customer Grievances**

- (a) Any customer may raise a grievance by way of an oral or written communication in that regard addressed to an appropriate officer notified by MFIPL for that purpose at the address and contact numbers, from time to time, notified by the Company.
- (b) MFIPL shall endeavour to quickly and efficiently consider and where appropriate, redress any grievances that have been raised by its customers. The Board shall ensure that adequate policies are in force to ensure that all disputes arising out of the decisions of the officer notified by it for consideration and redressal of grievances are heard and disposed of at least at the next higher level.
- (c) MFIPL shall also display a public notice to highlight to the customers, the grievance redressal mechanism followed by it, together with the details of the Grievance Redressal Officer and of the Officer-in-Charge of the Regional Office of DNBS of RBI. This public notice shall be displayed prominently at the Registered office of the Company and be made available on website of the Company.
- (d) The Company shall follow Macquarie's global complaint handling policy to resolve disputes and address grievances arising from NFBC business.
- (e) The Board shall periodically review compliance with this Fair Practices Code and the functioning of the grievance consideration and redressal mechanism at various levels of management. MFIPL shall submit a consolidated grievance report to the Board on a quarterly basis.

Any changes to this Fair Practice Code will be considered and approved by the Board.

Any questions regarding this policy should be addressed to Ms. Gitanjali Mehta Chugh (Contact No. +91 22 6720 4060)

Dated: August 7, 2013