

Reconstituted Fair Practice Code
(Reconstituted with effect from 12th December, 2019)

NPR Finance Limited (the “Company” or “NPR”) encourages adherence to prescribed policies and procedures and strives to ensure reliable financial reporting which is an enabling tool in improving the overall confidence on reported numbers to various stakeholders. This requires the adaption and maintenance of proper Internal Financial Control system.

1. PREFACE

1.1 In terms of Chapter V of the Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016(hereinafter, “Master Directions”) issued by the Reserve bank of India(“RBI), this Reconstituted Fair Practice Code provides guideline to be followed for providing loan to customers.

1.2 It has been adopted by the Board of Directors (“the Board”) at its meeting held on 12th December, 2019, on the recommendation of the Fair Practice Code Committee.

2. POLICY OBJECTIVES.

This Fair Practice Code is aimed at:

- Providing Demonstrable framework for providing loan to customers.
- To ensure transparency in the Company’s dealings with its customers.
- To ensure compliance with legal norms in matters relating to recovery of advances.
- To strengthen mechanisms for redressal of customer grievances.

3. GUIDELINES.

I. Application for Loans and their processing.

- All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- All Loan Application Forms shall contain detailed information relating to the terms and conditions governing the Loan and other relevant information affecting the interest of our valuable customers. These forms shall also contain the particulars of documents to be submitted with the Application Form.
- The Company shall follow the system of issuing acknowledgments for receipt of all loan applications.
- Preferably, the time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.It shall be our endeavor to dispose-off all loan application forms within 30 days from the date of receipt and the same shall be indicated in the acknowledgement.

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II. Loan Appraisal and terms/conditions.

- The following particulars shall be communicated through a Sanction Letter/any other manner in the vernacular Language as understood by the Borrower
 - a. Assets details & Cost of Asset;
 - b. Sanctioned Amount;
 - c. The annualized rate of interest & the method of application thereof;
 - d. The penal interest charged for late repayment shall be in bold;
 - e. Tenor;
 - f. Installment amount and structure;
 - g. Commencement Date;
 - h. Repayment Schedule;
 - i. Contact point for any clarifications
- Acceptance of the Sanction Letter by the Customer shall be kept on record.
- The Company shall furnish a copy of the loan agreement as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.

III. Re-possession clause in the contract/loan agreement.

The Loan Agreement must contain a legally enforceable re-possession clause. In this connection, the terms and condition of the contract/loan agreement shall also contain provisions regarding the following, subject to the prevalent laws in force:

- a. Notice period before taking possession;
- b. Circumstances under which the notice period can be waived;
- c. The procedure for taking possession of the security;
- d. A provision regarding final chance to be given to the borrower for repayment of
- e. Loan before the sale / auction of the property;
- f. The procedure for giving repossession to the borrower; and
- g. The procedure for sale / auction of the property.

IV. Disbursement of Loans including changes in terms and conditions.

- To ensure transparency in the system, the Company shall keep our customers informed in the event of any change in the terms and conditions, including, but not limited to, disbursement schedule, interest rates, service charges, prepayment charges and other changes material to customer's relation with NPR etc.
- The Company shall also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard must be incorporated in the loan agreement.

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- Any decision pertaining to Recall of Loan or Acceleration of repayment or seeking of any additional securities shall be taken strictly in accordance with the relevant provisions in the Loan Agreement and amendments made thereto.

➤ Release of Securities

a. NPR shall ensure that the charge over any security provided by the customer is relinquished upon the happening of any of the following events, subject to any legitimate right or lien for any other claim against the customer:

1. Prepayment of all dues by the customer;
2. Transfer of account and consequent settlement of all dues;
3. Closure of the loan file in due course following settlement as per agreement.

b. In the event any other right or lien exists, the customer shall be notified about the same with full particulars thereof.

V. Interest Rate Model.

- The rate of interest on loan and charges payable by the borrower would be explicitly communicated in the Sanction letter.
- The rate of interest will be arrived at on - reasonable assumption towards the average cost of funds, administrative costs, risk premium and a reasonable margin for the Company.
- The rate of interest shall be fixed on the basis of the risk gradation of the client and shall be charged on per annum basis.
- The risk premium will be decided on a case to case basis as decided by the Company. The approach for gradation of risk is based on factors such as nature of loan, credit worthiness of the borrower, nature of security, nature of the Product, type of asset being financed, borrower profile, future potential, repayment capacity, borrower's other financial commitments, past repayment, tenure of the loan, geography (location) of the borrower, end use of the loan as represented by the underlying asset etc. Such information is collated based on the borrowers input, field inspection by the Company officials, etc.
- While deciding the interest rate and other charges, the rate offered by the Competitors in the market would also be taken into consideration.
- The processing fee, if any, shall be determined on the basis of quantum of work involved in credit appraisal, volume of documentation and other expenses involved in the transaction. The rate of interest is subject to change as the situation warrants due to market compulsions and changes in regulatory norms and is subject to the discretion of the management on a case to case basis.
- The rate of interest will get reviewed depending on the change in market condition which includes change in lending rates by RBI or by our Lenders, political scenario, sector analysis and other condition which could impact directly or indirectly our cost of borrowing.
- Any claim for concession in interest rates/ waiver of charges etc., would be at the sole discretion of the Management.

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VI. General Clauses.

➤ Non-Interference

- a. NPR shall not interfere in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement.
- b. However, if any new information or findings not previously disclosed by the borrower comes to the notice of NPR, the above restriction shall not apply.

➤ Transfer of Account

Whenever a request for transfer of loan account is received from a customer, NPR shall respond to the same within 21 days of receipt of request. Acceptance or refusal thereof shall be in accordance with terms of the loan agreement.

➤ Recovery Process

If any recovery proceedings need to be initiated, these shall be conducted in accordance with the rights provided under the Loan Agreement and in accordance with legally accepted norms. NPR shall ensure that, the staffs are adequately trained to deal with the customers in an appropriate manner.

- Foreclosure charges/ pre-payment penalties, if any, will be subject to management discretion in line with the RBI guideline.

VII. Grievance Redressal and Customer Relationship Management.

- It shall be the endeavor of NPR to improve the quality of service and remove complaints and grievances, if any, of the customers as part of Customer Relationship Management.
- Customer complaints shall be addressed within 7 working days from the date of receipt of complaint.
- The Board of Directors on the recommendation of the Fair Practice Code Committee shall appoint a Grievance Redressal Officer who can be approached by the public for resolution against the Company.
- The name and contact details of the Grievance Redressal Officer shall be prominently displayed at the Company's Branches/places where business is transacted.
- If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of Department of Non-Banking Supervision of the Reserve Bank of India (with complete contact details), under whose jurisdiction the Registered Office of the Company falls.

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VIII. Committee on Code of Fair Practices.

- The “Fair Practices Code Committee” (“the Committee”) shall periodically monitor the compliance of the Fair Practices Code and the functioning of the customer grievances redressal mechanism and will submit the report thereof to the Board of Directors of the Company.
- The Committee shall comprise of such Members of the Committee as nominated by the Board of Directors from time- to-time.

4. REVIEW, MONITORING AND AMENDMENTS.

- The Fair Practice Code Committee in consultation with the Managing Director and the Chief Financial Officer shall review and monitor the Fair Practice Code on a progressive basis, subject to the approval of the Board as and when required.
- Any subsequent amendment / modification in the applicable Master Directions/guidelines issued/updated by the RBI from time to time and /or other applicable laws issued by various Regulatory Authorities in this regard, shall automatically apply to this Policy.

5. CAUTIONARY STATEMENT.

5.1. This Fair Practice Code can be expected to provide only reasonable assurance, not absolute assurance to an entity’s orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors etc.

5.2. Fair Practice Code is a guideline – and not an end in itself.

5.3. Fair Practice Code is affected not merely by policy manuals – rather its success and failure largely depends on the employees at every level of the organisation.