

NIIF INFRASTRUCTURE FINANCE LIMITED (“NIIF IFL/the Company”)

FAIR PRACTICE CODE

Applicable Regulation

Master Directions – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023, as amended and updated from time to time.

Reviewing & Approving Authority

Authority	Designation
Prepared By	Chief Risk Officer
Reviewed By	Chief Executive Officer
Approved By	Board of Directors
Month/Year	October 2024

Version History

Last Reviewed	Brief Description
November 2022	Deletion of clause relating to Foreclosure charges/prepayment penalties
November 2023	Details of the Grievance Redressal Officer has been updated
December 2023	Details of the Grievance Redressal Officer has been updated
October 2024	Details of the Grievance Redressal Officer has been updated

NIIF INFRASTRUCTURE FINANCE LIMITED

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1. Introduction

- Code bearing reference no. DNBR (PD). CC.No.054/03.10.119/2015-16 dated July 01, 2015 (updated from time to time) **read with** Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 bearing reference no. RBI/DoR/2023-24/105 Master Direction DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 (as amended and updated from time to time), has advised all the non-banking financial companies (NBFCs) to frame a Fair Practices Code ("the Code"). RBI has prescribed broad guidelines on fair practices which include processing of the application for loans, loan appraisal, disbursement of loans including changes in terms and conditions, and certain other conditions that NBFCs need to follow.

2. Scope

- This code shall be applicable across all aspects of NIIF IFL's operations, including all products and services currently offered and those which may be introduced later. NIIF IFL is registered as an Infrastructure Debt Fund – Non-Banking Finance Company (IDF-NBFC) with the Reserve Bank of India and is engaged in the business of refinancing operational infrastructure projects across the country that have achieved at least one year of satisfactory operations.

3. General

- NIIF IFL shall ensure that its employees act in an ethical and fair manner while interacting with clients.
- NIIF IFL shall refrain from interference in the affairs of the borrower except for the purposes provided for 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 Company). However, the NIIF IFL's right of recovery and enforcement of security under law (including but not limited to the appointment of nominee directors where required), remains unaffected by this commitment.
- In the matter of recovery of loans, NIIF IFL shall not resort to any harassment – such as persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.
- NIIF IFL shall not discriminate on the grounds of gender, caste, religion, or region in its lending policy and activity.
- NIIF IFL's collection policy shall be built on courtesy, fair treatment, and persuasion.

- All communications to the borrower shall be in the vernacular language, English, or a language as understood by the borrower.
- If NIIF IFL cannot provide the loan to the customer, it shall communicate the same to the customer through its appointed representatives or directly to the customer verbally. In case the customer requires the same in writing the reason(s) for rejection, the same may be provided in writing by NIIF IFL.
- NIIF IFL shall adopt an interest rate model which considers relevant factors such as cost of funds, margin, risk premium, etc., and determine the rate of interest to be charged for loans and advances.
- The sanction letter shall indicate the annualised rate of interest and method of application thereof, so that the borrower is aware of the exact rates that would be charged. Further, any change in Benchmark Rate shall be notified on NIIF IFL's website.

4. Application for loans and processing

- The loan proposal shall also include necessary information which affects the interest of the borrower so that a meaningful comparison with the terms and conditions offered by other lenders can be made and an informed decision can be taken by the borrower.
- NIIF IFL shall indicate to the prospective borrower the documents required to be submitted with the loan proposal.
- The indicative time frame within which loan proposals will be processed, would be indicated to the prospective borrowers.
- NIIF IFL shall convey to the borrower by means of sanction letter or otherwise, the status with respect to the loan proposal. In case the loan is sanctioned by the sanctioning authority, the sanction letter shall *inter alia* include amount of loan sanctioned along with the terms and conditions including rate of interest. Relevant documents indicating acceptance of the terms and conditions by the borrower shall be retained by NIIF IFL for its records.
- NIIF IFL shall mention the penal charges, if any, charged for late repayment in the sanction letter and loan agreement, and shall highlight the same in the loan agreement.
- NIIF IFL shall furnish to the borrower, a copy of the loan agreement along with a copy of the enclosures quoted in the loan agreement.
- NIIF IFL shall give notice to the borrower, of any change in terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, etc. NIIF IFL shall endeavour to ensure that changes in interest rates and charges are effected only prospectively.

- The decision of NIIF IFL to recall/accelerate payment shall be in line with the loan agreement entered into with the borrower.
- NIIF IFL shall release all securities on repayment of all dues or on the realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim it may have against the borrower. If such right of set-off is to be exercised, the borrower shall be given adequate notice about the same with full particulars about the remaining claims and the conditions under which NIIF IFL is entitled to retain the securities till the relevant claim is settled/paid.
- NIIF IFL shall ensure that its interest rate, processing, and other charges are determined as per appropriate internal norms and procedures and the same is not excessive. NIIF IFL shall, at the time of disbursal, ensure that the interest rate, processing, and other charges on loans and advances are in strict adherence to above referred internal norms and procedures, and the Code, including the adoption of an interest rate model by NIIF IFL
- Change in the rates of interest: The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer/ communicated explicitly in the sanction letter.

Note:

In wholesale/ infrastructure lending business, the rate of interest is decided based on the complex risk profile matrix of each borrower. NIIF IFL would disclose the Benchmark Rate, applicable spread, and interest rate reset frequency by way of sanction letter and facility agreement. Any change with respect to the above, would be suitably disclosed and communicated to the borrower.

Further, in wholesale/ infrastructure lending, borrowers are generally mid-size/large corporate groups which are well informed of any upgradation of their credit ratings and their ability to negotiate better terms.

5. Grievance Redressal mechanism

- The implementation of the Fair Practice Code shall be the responsibility of the entire organization. NIIF IFL shall make every effort to ensure that its dealing with customers is smooth and hassle-free. Any complaint brought to NIIF IFL's notice by a customer will be handled expeditiously.
- All disputes/complaints arising out of the decisions of NIIF IFL's functionaries would be heard and disposed of at least at the next higher level after it is brought to their notice.
- The contact details of the Grievance Redressal Officer ("**GRO**") and the local office of RBI (which can be approached, if the complaint/dispute is not resolved within a period of one month) will be displayed at all the branches/places where NIIF IFL conducts its business.
- The grievance redressal mechanism is controlled by the GRO of NIIF IFL. Details of the GRO are mentioned as under:

Details of the GRO

Name: Mr. Srinivas Upadhyayula

Designation: Chief Compliance Officer & General Counsel

Contact No.: 022 68591301

Email ID: srinivas.upadhyayula@niififl.in

Details of Local Office of the RBI

Reserve Bank of India (RBI), Mumbai Department of Supervision, Regional Office, Centre I, World Trade Centre, Mumbai – 400005.

6. Review

- The Fair Practices Code shall be reviewed once every year and any changes deemed necessary shall be made with the approval of the Board of Directors of NIIF IFL.
- The Code as approved by the Board shall be hosted on the website of the Company in the English language. In the event, any client, borrower, or stakeholder wishes to obtain the same in a vernacular language they may request the Company to provide the same.

7. Related Documents

- Master Circular- Fair Practices Code, bearing reference no. DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 01, 2015 (updated from time to time).
- Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 bearing reference no. RBI/DoR/2023-24/105 Master Direction DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 (as amended and updated from time to time)