

N.B.I. INDUSTRIAL FINANCE CO. LTD.

DEMAND/CALL LOAN POLICY

RBI vide its Master Circular - RBI/DNBR/2016-17/45 dated September 01, 2016 provides that the Board of Directors of every non-banking financial company granting / intending to grant demand / call loans shall frame a policy for the company and implement the same.

Keeping the regulatory requirement in view, a policy on extending demand / call loans per se is detailed out as under:

1. N. B. I. Industrial Finance Co. Ltd. (the Company) will grant Demand/Call loans to the entities having good track record, financial soundness and/or good rating.
2. Demand / Call loans would be considered by the Company both under Secured loan as well as unsecured loan segments.
3. The Demand / Call loans can be considered under business loans, inter-corporate deposits, trade advances, inventory funding, loans against shares & securities, etc.
4. Maximum period for a Demand / Call loan would be **12 months** from the date of disbursement of such loan (i.e. the period within which the demand / call would be made for repayment - termed as stipulated period). For each case, such "stipulated period" needs to be decided and specified in the sanction memorandum / advice.
5. A Log of due dates for cut-off dates each of the Demand / Call loans to be maintained.
6. In case no Demand / Call is made prior to the expiry of stipulated period, then the loan shall be deemed to be called / demanded on such expiry date and shall be repaid accordingly.
7. Suitable clause empowering such demands / calls made for repayment would be incorporated in the loan agreement.
8. The mode and authority of making the demand or call for repayment of the loan would be as decided, documented and adhered to.
9. Demand / Call loans may be considered on fixed interest or fluctuating interest rate basis pegged to any anchor rate as may be agreed upon. Interest rate would be decided on case to case basis considering the prevailing market rate and such interest shall be payable quarterly or as per prevailing business practices.
10. The interest would be applied on quarterly basis as done in other cases or as decided otherwise in specific cases. Generally the interest would be serviced on quarterly basis. However, the interest may at the option of the Company be collected on quarterly or any other basis which shall be specified in the approval.

11. The sanctioning authority shall, record specific reasons in writing at the time of sanctioning demand or call loan, if no interest is stipulated or a moratorium is granted for any period.
12. The Company may monitor the end use of fund borrowed by the borrower.
13. Either side would give three (3) working days' notice to the other side for intended repayment / demanding / calling for repayment. During this 3 days period no additional interest / penal interest would accrue. In case the repayment is not made within the 3 days, then additional rate of interest of 2% over and above the original rate would be collected from date of demand / call till it is paid off.
14. All the demand / call loans having stipulated period beyond 6 months shall be subjected to review of performance at the end of 6 months.
15. At least 15 days prior to the end of the stipulated period, the loans would be reviewed to decide on whether demand / call should be made on due date or further renewal of the loan either in full or part to be considered for any period, not exceeding 12 months and the same shall be documented. In case the loan is renewed, then it should be considered as a new Demand / Call loan although the same may continue under same customer / loan account number. However, necessary renewal papers would be obtained.
16. In case the interest is not serviced on due date or the loan is not paid off after being called up / demanded, then the loan would be treated as non performing, if such overdue status continues for more than 3 months from such date and would be provided for according to the policy of the Company. The borrower wise NPA classification would also be applicable although no call / demand is made for any particular loan.
17. Maximum amount for each of the demand / call loan and the aggregate amount of the demand / call loan would be subjected to a periodical review, at least on an annual basis, by the Board.
18. The policy can be altered / revised as per changed market scenario and /or statutory guidelines.
19. This policy should always be read in conjunction with RBI guidelines, directives and instructions.
20. The Company will apply best industry practices so long as such practice does not conflict with or violate RBI guidelines.
