



NIXA FINCAP PRIVATE LIMITED (Formerly known as XANDER FINANCE PRIVATE LIMITED) (‘NFPL)

FAIR PRACTICE CODE

Date of review: Reviewed by the Board members on December 18, 2024

All codes established earlier are superseded by this Code. NFPL has framed this Fair Practice Code (“Code”) in accordance with Chapter VII (Fair Practices Code) of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“SBR”). Wherever it has not been so provided, Chapter VII of the SBR (as amended or modified) shall continue to apply. It is also clarified that in case of conflict between Chapter VII of the SBR (as amended or modified) and this Code, provisions of Chapter VII of the SBR (as amended or modified) shall prevail. Further, this Code is applicable across NFPL at all its branches.

Following is the Fair Practice Code of NFPL:

A. Applications for loans and their processing

- I. All communications with the borrower will be in vernacular language or a language as understood by the borrower.
- II. Any company/firm (also referred to as “borrower”) that is requiring a loan will apply to NFPL stating their requirement through documents like Information Memorandum or Project Document or Loan Application. The document will include information about the applicant, key promoters and management team, latest financial statements of the borrower, purpose of borrowing, funding gap in the company / project for which funds are proposed to be raised and other information that will help NFPL in evaluating the loan application.
- III. NFPL will contact the borrower and/or its representatives for clarifying any queries it may have regarding the loan requirement or for any other information that it may need on the applicant/promoters, proposed utilization of funds and any other information required to evaluate the loan application.
- IV. All terms and conditions offered by NFPL and necessary information which affects the interest of the borrower shall be defined clearly and shall be easily comparable with the terms and conditions offered by other financial institutions. The loan application form will also indicate the documents required to be submitted with the loan application form.
- V. NFPL shall have right to reject the application for any reason in spite of submission of all the requisite documents by the applicant.
- VI. NFPL shall highlight verbally or in writing a time frame within which the Information Memorandum or project document or Loan Application may be disposed of.

B. Loan appraisal and terms and conditions:

- I. As and when proper enquiry of the applicant is over, the application shall be appropriately

completed by conveying to the applicant in writing or telephonically or via email whether the same has been accepted or rejected.

- II. If application is rejected, NFPL shall communicate either verbally or in writing to the applicant the reasons for rejection.
- III. If application is accepted, NFPL shall communicate to the applicant, such approval of the amount of loan sanctioned along with other terms and conditions including nature of security, guarantor, interest repayment schedule, amount and numbers of installments and method of calculations thereof.
- IV. The sanction letter will also set out the possible impact of change in benchmark interest rate on the loan leading to changes in EMI and/ or tenor or both. Any increase in EMI/ tenor or both on account of the above will be communicated by NFPL to the borrower immediately through appropriate channels.
- V. The timeline and place of return of original movable/ immovable property documents in case of deposit of such original documents with NFPL shall be intimated by NFPL to the borrower.
- VI. NFPL will enter into Term Sheet or Heads of Terms with the borrower in a vernacular language or in a language as understood by the borrower, indicating all the key terms and conditions associated with the grant of loan including the amount of loan to be sanctioned along with the terms and conditions including annualized rate of interest and method of interest application thereof. Two sets of term sheet may be signed by both the borrower and NFPL and a copy of the signed Term sheet should be provided to the borrower.
- VII. Post term sheet stage, NFPL will appoint reputed agents/consultants, if required, to complete due diligence on the borrower as well as on any security or guarantees given by the borrower.
- VIII. If the result of the due diligence process is positive, NFPL shall issue a loan agreement to the borrower. NFPL shall inform the applicant about tentative time schedule to meet with the officers of NFPL to sign the loan agreement and duly stamp it.
- IX. The loan agreement shall be in a vernacular language or in a language as understood by the borrower and shall include all the terms and conditions, conditions precedent, conditions subsequent, interest rates, default interest rates/penalties for late repayment (in bold), penal charges, events of default and procedure, warranties and representations etc. and other necessary and requisite terms and definitions. The loan agreement will also clearly stipulate that changes in interest rates and charges will only be prospectively affected.
- X. NFPL along-with the loan agreements will require the borrower to enter into security mechanisms to secure the loans advanced to the borrower.
- XI. Loan Agreement and Security Creation Agreements along with all the Annexures/Enclosure etc. shall be entered into and signed by both the borrower and NFPL. A copy of the same should be provided to the borrowers as well.
- XII. NFPL shall keep the agreements in original duly signed by all parties namely the borrower and the authorized official of NFPL and one copy of the agreement showing full details of installments with repayment schedule and other terms and conditions shall be given to the

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borrower for its records.

C. Policy on penal charges in loan accounts:

NFPL has formulated a separate Board approved policy on penal charges or similar charges on loans.

D. Disbursement of loans including changes in terms and conditions:

- I. NFPL will directly disburse the loan amount to the applicant or as directed by the applicant within the stipulated timeframe as agreed in the loan agreement. NFPL should also take acknowledgement of receipt of funds by the applicant.
- II. NFPL shall give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, penal charges, service charges, prepayment charges etc.
- III. NFPL may on a case-by-case basis, change the repayment schedule, interest rates, services charges, prepayment charges etc. after entering into the loan agreement if it receives specific request from the borrower along with the reasons for seeking such modifications in the terms or if the loan agreement provides for any such change based on contingent events. It will give notice to the borrowers of any change in the terms and conditions and such changes shall be affected only prospectively. Such an obligation will be incorporated in the loan agreement as well. The transaction may be settled prematurely on mutual understanding of both the lender and the borrower.
- IV. All terms relating to repayment, prepayment etc. should be defined in the Loan Agreement and should be undertaken as per the Loan Agreement only. However, in case of material deviation on the commercial aspects, the same needs to be confirmed post discussion with the Credit Committee.
- V. All terms relating to recall/accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- VI. NFPL will comply with all the terms and conditions of loan agreements entered into with the borrower.

E. Security mechanisms:

- I. NFPL shall enter into security mechanisms commensurate with the risk profile of the borrower to ensure that the money advanced to the borrower is secured wherever security is being offered to the loan. The valuation of the security to be mortgaged/ hypothecated to NFPL shall be based on fair market value as derived during the credit assessment of the borrower.
- II. NFPL shall require the borrower to maintain a minimum-security cover against the loan. NFPL will re-value the security at regular intervals to ensure that security value is sufficient to provide the required cover against the outstanding loan against the borrower. In case there is any

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permanent decrease/impairment in the security value, NFPL shall inform borrower to take appropriate steps to increase the security cover and/or infuse equity and/or repay debt as maybe provided in the loan agreement/s.

- III. NFPL shall also ensure that the agreements entered into with the borrower are registered with the applicable stamp-duty and all charges have been duly paid in the respective jurisdiction.
- IV. NFPL shall ensure that the interest payments are made by the borrower at regular intervals. In the case of default in repayment of any installment, NFPL shall send reminders to the borrower to fulfill the interest obligations within appropriate time periods. In case of further defaults in the interest payments, NFPL may send legal notices through legal advisor for depositing the overdue money of interests with delayed payment charges within a reasonable time to avoid legal proceedings against the borrower.
- V. NFPL will release all securities on repayment of dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim NFPL may have against borrower. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which NFPL is entitled to retain the securities till the relevant claim is settled/paid.

F. Grievance Redressal Mechanism:

- I. NFPL has appropriate grievance redressal mechanism within the organization to resolve disputes which may arise between NFPL and borrowers.
- II. A reasonably senior person of NFPL shall be appointed as the Grievance Redressal Officer (GRO) as may be approved by the chief executive officer of NFPL.
- III. A member of the Asset Management Team shall look into the matters on a case-by-case basis, they shall collate the grievances received by them and submit it to NFPL's GRO.
- IV. On completion of the assessment of the case, NFPL's GRO will then resolve the grievances/dispute not later than one month from the date of its reporting.
- V. In case if the grievances are not resolved within the defined timeframe, NFPL's GRO will refer disputes, to the Board of Directors of NFPL. The Board of NFPL shall take up such disputed matters in its forthcoming meeting and will resolve the dispute in that respective meeting.
- VI. Name and contact details of NFPL's GRO and the name of RBI's GRO (DNBS – Mumbai, RBI) will be displayed at offices where business is transacted.
- VII. NFPL has also approved and adopted the Ombudsman Scheme for Non-Banking Financial Companies wherein a suitable mechanism for addressing and redressal of complaints of the customers / borrowers is provided by NFPL. The borrowers of NFPL are also requested to refer this policy.

G. Interest rates:

- I. NFPL has adopted interest rate model taking into account relevant factors such as, cost of

funds, margin and risk premium, etc. to determine the rate of interest to be charged for loans and advances. Based on internal risk gradation, derived rate of interest should be communicated to the borrower in the sanction letter.

- II. The rates of interest shall be made available in the sanction letter. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- III. The approach for gradation of risks shall be made available on the website of the NFPL or published in the relevant newspapers.
- IV. The rate of interest shall be annualized rates so that the borrower is aware of the exact rates that would be charged.

H. General:

- I. NFPL will refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement unless new information, not earlier disclosed by the borrower, has come to its notice.
- II. In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of NFPL if any, should be conveyed to the borrower within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- III. NFPL shall ensure that its staff is adequately trained to deal with the customers in an appropriate manner.
- IV. NFPL shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligants.
- V. The board shall suitably amend clauses of the Code of Fair practice, to align with statutory requirements from time to time.

The Code of Fair Practice shall be made available to all dealing with or within NFPL.

Approved for and on behalf of the Board of Directors of
Nixa Fincap Private Limited
(formerly known as Xander Finance Private Limited)

Mansi Gandhi
Company Secretary
ICSI Membership No.: ACS-58471

Date: 31st March, 2025
Place: Mumbai.

Particulars	Date of adoption/ review/ revision
Adoption	23 rd November 2010
Revision	26 th March 2012
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Review	18 th March 2019
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