

**XANDER FINANCE PRIVATE LIMITED (XFPL)**

**FAIR PRACTICE CODE**

**Date of review: Reviewed by the Board members on March 27, 2024**

*All codes established earlier are superseded by this code*

**Following is the Fair Practice Code of XFPL:**

**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 XFPL 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 XFPL in evaluating the loan application.
- III. XFPL 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 XFPL shall be defined clearly and shall be easily comparable with the terms and conditions offered by other financial institutions.
- V. XFPL shall have right to reject the application for any reason in spite of submission of all the requisite documents by the applicant.
- VI. XFPL shall highlight verbally or in writing an indicative 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, XFPL shall communicate either verbally or in writing to the applicant the reasons for rejection.
- III. If application is accepted, XFPL shall communicate to the applicant of 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. XFPL 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 terms and conditions associated with the grant of loan. Two sets of term sheet should be signed by both the borrower and XFPL and a copy of the signed Term sheet should be provided to the borrower.
- V. Post term sheet stage, XFPL will appoint reputed agents/consultants to complete due diligence on the borrower as well as on any security or guarantees given by the borrower.
- VI. If the result of the due diligence process is positive, XFPL may issue a loan agreement to the borrower. XFPL shall inform the applicant about tentative time schedule to meet with the officers of XFPL to sign the loan agreement and duly stamp it.
- VII. 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/penal interest rates (in bold), events of default and procedure, warranties and representations etc. and other necessary and requisite terms and definitions.
- VIII. XFPL along-with the loan agreements will require the borrower to enter into security mechanisms to secure the loans advanced to the borrower.
- IX. Loan Agreement and Security Creation Agreements along with all the Annexures/Enclosure etc. shall be entered into and signed by both the borrower and XFPL. A copy of the same should be provided to the borrowers as well.
- X. XFPL shall keep the agreements in original duly signed by all parties namely the borrower and the authorized official of XFPL and one copy of the agreement showing full details of installments with repayment schedule and other terms and conditions shall be given to the borrower for its records.

**C. Policy on penal charges in loan accounts:**

XFPL 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. XFPL 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 and such disbursement shall be deemed to the disbursed to the borrower. XFPL should also take acknowledgement of receipt of funds by the applicant.
- II. XFPL 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. The transaction may be settled prematurely on mutual understanding of both the lender and the borrower.

- III. 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.
- IV. All terms relating to recall /accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- V. XFPL will comply with all the terms and conditions of loan agreements entered into with the borrower.

**E. Security mechanisms:**

- I. XFPL 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 XFPL shall be based on fair market value as derived during the credit assessment of the borrower.
- II. XFPL shall require the borrower to maintain a minimum-security cover against the loan. XFPL 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 permanent decrease/impairment in the security value, XFPL 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. XFPL 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. XFPL shall ensure that the interest payments are made by the borrower at regular intervals. In the case of default in repayment of any installment, XFPL shall send reminders to the borrower to fulfill the interest obligations within appropriate time periods. In case of further defaults in the interest payments, XFPL shall 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. XFPL 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 XFPL 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 XFPL is entitled to retain the securities till the relevant claim is settled/paid.

**F. Grievance Redressal Mechanism:**

- I. XFPL has appropriate grievance redressal mechanism within the organization to resolve disputes which may arise between XFPL and borrowers.

- II. Srinivasan J, Senior Vice President of the Company is appointed as the Grievance Redressal Officer (GRO).
- III. A member of the Asset Management Team along-with the Principal Officer shall look into the matters on a case-by-case basis, they shall collate the grievances received by them and submit it to Company's GRO.
- IV. On completion of the assessment of the case, Company'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, the Company's GRO will refer disputes, to the Board of Directors of XFPL. The Board of XFPL 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 Company's GRO and the name of RBI's GRO (DNBS – Mumbai, RBI) will be displayed at offices where business is transacted.
- VII. The Company 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 the Company. The borrowers of the Company are also requested to refer this policy.

#### **G. Interest rates:**

- I. XFPL 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.
- II. The rates of interest and the approach for gradation of risks shall also be made available on the website of the XFPL or published in the relevant newspapers. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- III. 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. XFPL 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 XFPL 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. In the matter of recovery of loans, XFPL will not resort to any undue harassment which is prohibited under the laws of land.
- IV. XFPL shall ensure that its staff is adequately trained to deal with the customers in an appropriate manner.
- V. XFPL 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.
- VI. 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 XFPL.

<b>Particulars</b>	<b>Date of adoption/ review/ revision</b>
Adoption	23 <sup>rd</sup> November 2010
Revision	26 <sup>th</sup> March 2012
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