

# Business NextGen Finance Private Limited (BNF)

Fair Practice Code Policy

Sep 2025



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**Purpose:**

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The RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, applicable to Non-Banking Financial Companies (NBFCs), sets out the standards for fair business conduct and corporate practices in their dealings with customers (such standards, as modified, amended, or updated from time to time, being referred to as the "Fair Practice Code"

## Scope:

This policy shall apply to the following activities:

- Receipt and processing of loan applications
- Loan appraisal and stipulation of terms and conditions
- Loan disbursement, including any subsequent modifications to terms and conditions
- General provisions governing lending practices
- Policy on interest rates
- Roles and responsibilities of the Board of Directors
- Grievance redressal mechanism for customers
- Legal procedures for recovery of dues

## Responsibility:

The responsibility for this policy rests with all Business Units (BUs), as well as the IT & Information Security teams.

## Policy Details:

The detailed list of activities are as follows:

### Receipt and processing of loan applications

As per the Fair Practice Code, all relevant loan-related information shall be provided in the respective application form(s). Such information shall include, but not be limited to:

- Loan parameters such as minimum/maximum loan amount, tenure, mode of repayment, loan tariffs, total cost of the loan, and all applicable charges and fees
- An indicative list of KYC documents required (e.g., address proof, identity proof, income proof, etc.), to be submitted along with the duly completed application form

Additionally:

- Each application form shall contain a perforated section that will be detached and handed over to the applicant upon submission of the completed form, serving as an acknowledgment of receipt
- The applicable terms and conditions shall be explained to the borrower in a language that he/she understands
  - Secured MSME Loans: 20-30 working days
  - LAP: 20-30 days

All loan sanctions shall be subject to completion of the prescribed credit appraisal and verification procedures. Applications that fail to meet the requisite criteria will be declined. The decision on the loan application, whether sanctioned or declined, shall be promptly communicated to the customer either in writing or verbally.

Further:

- All communications with the borrower shall be made in the vernacular language or in a language clearly understood by the borrower.
- The acknowledgment of the application shall indicate the approximate timeframe required for processing the loan.
- During this period, applicants may reach out to BNF through the following communication channels:
  1. The Toll-Free Number 18002674888. Customers can call on this number between 9.30 am to 6.00 pm from Monday to Friday, Saturday: 9.30 am to 2.00 pm, Closed on all Sundays & Public Holidays.
  2. E-mail us at [customercare@bnfl.in](mailto:customercare@bnfl.in)
  3. Write to us at: Business Nextgen Finance Private Limited, 305, Samarpan Complex, Link Road, Opp. Satam Wadi, Chakala, Andheri East Mumbai 400 099
  4. Visit the nearest Business Nextgen Finance Private Limited Branch. Monday to Friday: 10.00 am to 5.30 pm, Saturday: 10.00 am to 1.30 pm, Closed on all Sundays & Public Holidays.

Applicants are welcome to contact Business Nextgen Finance Private Limited at any stage of the approval process.

## Loan appraisal and stipulation of terms and conditions

All loan applications shall be subject to BNF's credit appraisal process.

- BNF shall communicate to the borrower, in writing and in the vernacular language or a language clearly understood by the borrower, the sanctioned loan amount together with the applicable terms and conditions. Such communication shall be made through a sanction letter or any other appropriate mode. This shall include the annualized rate of interest and the method of its application. The borrower's acceptance of these terms and conditions shall be obtained and retained in BNF's records.
- At the time of sanction, the sanction letter shall clearly specify the following details: loan amount sanctioned, applicable annualized rate of interest, processing fee, loan tenure, EMI amount payable, all applicable fees and charges, and any other relevant loan particulars.
- The disbursement of the loan shall be initiated only upon receipt of the borrower's written acceptance of the sanction letter. This written consent shall be securely maintained in BNF's records.
- A copy of the executed loan agreement shall be furnished to the borrower either at the time of disbursement of the loan or along with the welcome kit.

## Loan disbursement and any subsequent modifications to terms & conditions

### Changes to Terms and Conditions

- Any modification to the terms and conditions, including disbursement schedules, interest rates, service charges, prepayment charges, etc., shall be communicated individually to borrowers. Such revised terms and conditions shall be incorporated into the respective loan agreements or, alternatively, made available on the BNF website [www.bnfl.in](http://www.bnfl.in)
- For account-specific charges, changes shall be communicated individually to the borrower in writing.

### Standard Charges

- Other charges such as cheque bounce charges, late payment fees, cheque swap charges, charges for statement of account, document retrieval, prepayment, re-booking, re-pricing, cancellation, PDC replenishment, and other incidental charges shall apply depending on the product or scheme availed by the borrower.
- These charges shall remain standard across all customers, irrespective of their creditworthiness and/or credit history.
- Any change in such charges (including interest rate revisions) shall be promptly communicated to the borrower, aligned with the loan agreement terms, and applied prospectively only.

#### Loan Recall / Acceleration

Any decision to recall or accelerate payment/performance under the agreement shall strictly follow the terms and conditions of the loan agreement and must be duly acknowledged by the borrower.

#### Release of Securities

- All securities relating to the loan shall be released upon receipt of full and final repayment, subject to BNF's legitimate rights of lien or set-off for any other outstanding claims against the borrower.
- If BNF exercises such right of set-off, the borrower shall be given prompt notice detailing the claims and the conditions under which BNF is entitled to retain the securities until the claims are settled.

#### Disclosure of Charges

Any changes to the standardized charges applicable across customers shall be published on the BNF website [www.bnfl.in](http://www.bnfl.in), which is also mentioned in the loan application form.

### General provisions governing lending practices

BNF shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions for of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of BNF).

In case of receipt of request from the borrower for transfer of borrower account, the consent or otherwise i.e. objection of the BNF, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.

In the matter of recovery of loans, BNF and its representatives shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. BNF shall ensure there is no rude behavior from its staff towards customers for which staff will be adequately trained to deal with the customers in an appropriate manner.

The Company shall follow below guidelines with regards to levy of pre-payment charges on all floating rate loans and advances (Reference: RBI/2025-26/64 DoR.MCS.REC.38/01.01.001/2025-26-Pre-payment Charges on Loans):

- (i) For all loans granted for purposes other than business to individuals, with or without co-obligant(s), pre-payment charges shall not be levied;
- (ii) For all loans granted for business purpose to individuals and MSEs, with or without co-obligant(s), shall not levy any pre-payment charges.
- (iii) The Directions at paragraphs (i) and (ii) above shall be applicable irrespective of the source of funds used for pre-payment of loans, either in part or in full, and without any minimum lock-in period.
- (iv) Applicability of above Directions for dual/ special rate (combination of fixed and floating rate) loans will depend on whether the loan is on floating rate at the time of prepayment.

In cases other than those mentioned at paragraphs (i) and (ii) above, pre-payment charges, if any, shall be as per the guidelines laid down in this policy.

## Policy on interest rates

The borrower will be communicated the annualized percentage rate (APR) in the sanction document while communicating the approval of a loan. This rate of interest is arrived at through BNF interest rate model which takes into account relevant factors such as cost of funds, margin and risk premium.

We take a comprehensive approach to the gradation of risk that does not discriminate between classes of borrowers, but rather tailors the interest rate to each loan.

The decision to give a loan and the rate of interest thereon are carefully assessed on a case-to-case basis based on multiple factors which may include the borrower's cash flows (past, current and projected), borrower's other financial commitments, the borrower's credit record, the security for the loan as represented by underlying assets or other financial guarantees etc.

Such information is gathered based on information provided by the borrower, credit reports, market intelligence and information gathered by field inspection of the borrower's premises. The approved Interest Rate Policy is published on the website.

## Roles and responsibilities of the Board of Directors

BNF has laid down an appropriate Grievance Redressal Mechanism within the organization. Such a mechanism ensures that all disputes arising out of the decisions of BNF are heard and disposed of at least at the next higher level. The Board of Directors of BNF also reviews the compliance of the Fair Practices Code and the functioning of the Grievances Redressal Mechanism at various levels of management.

## Legal procedure for recovery of dues

- In case of non-payment of dues by the customer, BNF shall have right to initiate legal action against the Borrower in accordance with provisions of the loan agreement and applicable laws. Before initiating any such legal action, BNF shall send notice to the applicant / Borrower as required under applicable laws.
- The recovery process of enforcement of mortgage/securities, including but not limited to, taking possession and sale of the mortgaged property in accordance with the procedure prescribed under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) or under any other law, is followed purely under the directions laid down under the respective law. Intimations / Reminders/ Notices(s) are given to customer/s prior to initiating appropriate legal steps for recovery of over dues, by the various legal tools like Negotiable Instruments Act, Civil Suit, SARFAESI Act etc.
- BNF shall adhere to the stipulations of the Reserve Bank of India's Master Direction – Non-Banking Financial Company (Scale Based Regulation) Directions, 2023, with respect to penal charges in loan accounts. Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall be no capitalization of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
- BNF shall not introduce any additional component to the rate of interest and ensure compliance

to these guidelines in both letter and spirit.

- BNF shall formulate a Board approved policy on penal charges or similar charges on loans, by whatever name called.
- The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan/product category.
- The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges to non-individual borrowers for similar non-compliance of material terms and conditions.
- The quantum and reason for penal charges shall be clearly disclosed by BNF to the customers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) as, in addition to being displayed on websites of BNF under Interest rates and Service Charges.
- Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the penal charges shall be communicated. Further, any instances of levy of penal charges and the reason therefor shall also be communicated.

## Application of the Code

The Fair Practice Code applies to all products and services offered across our company's operational and service locations, including branches, regions, and corporate offices.

It is mandatory for all authorized personnel, partners, subsidiaries, and outsourcing partners to strictly adhere to the Fair Practice Code.

This applies whether interacting in person, over the phone, by post, through interactive electronic devices, online, or by any other means.