

**CHARTERED FINANCE & LEASING LTD.
(CFL)**

(“NBFC/ B-13.02480”)

FAIR PRACTICE CODE

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SUMMARY OF POLICY

Particular	Details
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Approver	Board of Directors of Chartered Finance & Leasing Ltd

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CHARTERED FINANCE & LEASING LIMITED

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Introduction:

This FAIR PRACTICE CODE (hereinafter referred to as 'Code') is aimed to provide to all the stakeholders, especially customers effective overview of practices followed by CHARTERED FINANCE & LEASING LIMITED (hereinafter referred to as 'Company/CFL') in respect of the financial facilities and services offered by the Company to its customers.

This Code shall be put up on the Company's website for the information of various stakeholders.

Objective:

This Code has been developed:

- To promote good, fair, and trust-worthy practices by setting standards in dealing with customers;
- To ensure transparency in the Company's dealings with its customers;
- To ensure compliance with legal norms in matters relating to recovery of advances;
- To enable customers to have better understanding of what they can reasonably expect of the services offered by the Company;
- To reckon with market forces, through competition and strive to achieve higher operating standards;
- To strengthen mechanisms for redressal of customer grievances.

Application for Loans and their processing:

- i. All Loan Application Forms shall contain detailed information relating to the terms and conditions governing the Loan and other relevant information affecting the interest of our valuable customers. These forms shall also contain the particulars of standard documents to be submitted with the Application Form. However, the Company may, depending on the credit underwriting requirements, require other documents from the customers, as it may deem fit.
- ii. The Company explains to the customers the contents of various loan documents in the vernacular language, or a language understood by the customer and further ensures that the customer understands the terms and conditions governing the Loan.
- iii. Loan application forms shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and an informed decision can be taken by the borrower.
- iv. The Company would send an acknowledgement for receipt of all loan applications. The Company will consider all the documents submitted and the information provided, verify the creditworthiness of the customer, and evaluate the proposal at its sole discretion. The expected time frame, within which loan applications complete in all respects along with all necessary documents will be disposed of, would be indicated in the acknowledgement of loan applications. The customer may also contact the customer service team to obtain an update on the status of his/ her/ its loan application.
- v. The completed loan application form shall indicate information which affects the interest of the borrower, the annualized rate of interest applicable, processing fee (if any), documents required to process the application, etc.
- vi. The Company shall not discriminate in extending products and facilities including loan facilities to physically / visually challenged applicants on grounds of disability, shall render all possible assistance to such persons at its branches, shall include a suitable module containing the rights of persons with disabilities in all its training programmes for employees at all levels, and shall ensure redressal of grievances of persons with disabilities under its Grievance Redressal Mechanism.

Loan Appraisal and Terms and Conditions:

- i. The Company shall convey in writing to the borrower in the vernacular language or other language as understood by the borrower, by means of sanction letter or otherwise, the following particulars:
 - Collateral Assets/Property details, if any;
 - Sanctioned Loan Amount;
 - Annualised Rate of Interest to be charged;
 - Method of application of the annualised rate of interest;
 - Penal charges, if any, for non-compliance of material terms and conditions of the loan contract, including delayed repayment, with the quantum and reason thereof; penalty shall not be levied in the form of penal interest added to the rate of interest charged on the advance;
 - Tenor of loan;
 - Instalment amount and Repayment frequency;
 - EMI Commencement Date;
 - Prepayment penalty, if any.
- ii. The Company shall take acceptance of the aforesaid terms and conditions mentioned in the sanction letter by the customer(s) shall be kept on record.
- iii. The Company shall furnish a copy of the loan agreement as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.
- iv. The Company shall mention the penal charges (and not penal interest) leviable for non-compliance of material terms and conditions of the loan, including delayed repayment, in bold in the loan agreement, in accordance with the Company's Interest Rate Policy and the Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025.
- v. The Company shall provide a Key Facts Statement (KFS) to all prospective borrowers of retail and MSME term loans, in the standardised format given in Annex I and in a language understood by the borrower, explain its contents and obtain an acknowledgement that the borrower has understood the same. The KFS shall bear a unique proposal number and have a validity period of at least three working days for loans having tenor of seven days or more, and one working day for loans having tenor of less than seven days. The KFS shall include a computation sheet of the annual percentage rate (APR) and the amortisation schedule of the loan. Any fees, charges, etc. which are not mentioned in the KFS shall not be charged to the borrower at any stage during the term of the loan without the explicit consent of the borrower. The KFS shall also be included as a summary box in the loan agreement.

Disbursement of Loans and changes in Terms and Conditions:

To ensure transparency, the Company shall keep the customers informed in the vernacular language or a language as understood by the borrower, in the event of any modification in terms and conditions, repayment schedule, interest rates, security, and other changes material to customer's relation with the Company. Any changes in interest rates and charges shall be effected only prospectively. A suitable condition in this regard shall be incorporated into the loan agreement. Reset of floating interest rate on equated monthly instalment-based personal loans, and disclosures applicable to loans sourced over digital lending platforms, shall additionally be governed by the Company's Interest Rate Policy and Personal Loan Policy – External Borrowers, respectively, read with Chapter III (Digital Lending) of the Reserve Bank of India (Non-Banking Financial Companies – Credit Facilities) Directions, 2025 and the relevant provisions of the Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025.

Recall of Loan:

Any decision pertaining to recall of loan or acceleration of repayment or seeking of any

additional securities shall be taken strictly in accordance with the relevant provisions in the respective loan agreement with the borrower and amendments made thereto.

Release of Securities:

- i. The Company shall release all securities on repayment of all the outstanding dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claims, the Company may have against the borrowers. 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 the Company is entitled to retain and/ or repossess the securities till the relevant claim/ the total outstanding dues is settled/paid by the borrower.
- ii. The Company shall ensure that the charge over any security provided by the borrower is relinquished upon the happening of any of the following events, subject to any legitimate right or lien for any other claim against the borrower:
 - payment of all the outstanding dues by the borrower;
 - transfer of account and consequent settlement of all outstanding dues;
 - closure of the loan account in due course following settlement of the loan account; and/ or
 - In the event any other right or lien exists, the borrower shall be notified about the same with full particulars thereof.
- iii. The Company shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment / settlement of the loan account; give the borrower the option of collecting them from the branch where the loan was serviced or any other office where the documents are available; mention the timeline and place of return in the sanction letter; have a well laid out procedure, displayed on its website, for return of the documents to legal heirs in the event of demise of the sole / joint borrowers; communicate reasons for delay beyond 30 days and, where the delay is attributable to the Company, compensate the borrower at ₹5,000 for each day of delay; and, in case of loss / damage to the documents, assist the borrower in obtaining duplicate / certified copies and bear the associated costs, with an additional 30 days available to the Company.

General Clauses:

A. Non-Interference:

- i. The Company or any of the employee of the Company shall not interfere in the affairs of the borrower except as provided under the circumstances mentioned in the loan agreement.
- ii. If any new information or findings not previously disclosed by the borrower comes to the notice of the Company, the above restriction shall not apply.

B. Transfer of Account:

Whenever a request for transfer of loan account is received from a borrower, the Company shall respond to the same within 21 (twenty-one) days of receipt of request. Acceptance or refusal thereof shall be in accordance with terms of the loan agreement.

C. Recovery Process:

If any recovery proceedings need to be initiated, these shall be conducted in accordance with the rights provided under the loan agreement and in accordance with legally accepted norms. The Company shall ensure adequate training to its employee(s) to deal with the borrower(s) in an appropriate manner. The Company does not resort to coercive measures (like persistently bothering at odd hours, use of muscle power, rude behaviour or harassment from any of the staff of the Company) for recovery of loan amount from a borrower.

D. Foreclosure charges/ Pre-payment penalties on floating rate term loans:

As a measure of customer protection, and in accordance with the Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025: (a) in respect of loans sanctioned or renewed on or before December 31, 2025, the Company shall not levy pre-payment charges on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s); (b) in respect of loans and advances (term loans as well as demand loans) sanctioned or renewed on or after January 1, 2026, the Company shall not levy pre-payment charges on floating rate loans granted for purposes other than business to individuals, with or without co-obligant(s), nor, being an NBFC-Middle Layer, on floating rate loans granted for business purpose to individuals and Micro and Small Enterprises with a sanctioned amount/limit up to ₹50 lakh, irrespective of the source of funds used for pre-payment and without any minimum lock-in period; (c) no charges shall be levied where pre-payment is effected at the instance of the Company; (d) in all other cases, pre-payment charges, if any, shall be as per the Company's Interest Rate Policy and, in the case of term loans, shall be based on the amount being prepaid; (e) the applicability of the above for dual / special rate (combination of fixed and floating rate) loans shall depend on whether the loan is on floating rate at the time of pre-payment; and (f) the Company shall not levy any charges / fees retrospectively at the time of pre-payment of loans, which were waived off earlier by the Company. The applicability or otherwise of pre-payment charges shall be clearly disclosed in the sanction letter, loan agreement and, where applicable, the Key Facts Statement, and no pre-payment charges which have not been so disclosed shall be levied.

Repossession of Security:

- i. The Company has the right to take possession of the asset(s) by giving 7 (seven) days' notice to the borrower to clear the outstanding dues or to hand over possession of the asset as per terms of the loan documents. Such notice need not be given in the following circumstances, subject to terms of loan agreement:
 - a. when the borrower agrees for waiver of such notice;
 - b. when the borrower has expressed his/ her/ its willingness to surrender the possession of the asset voluntarily;
 - c. when there is reasonable apprehension to the Company and/ or its officers/agents that such notice may defeat the taking of possession of the asset due to any foul play and/ or forcible resistance from the part of the borrower/ guarantor;
 - d. when the asset remains abandoned by the borrower for any reason;
 - e. when the borrower ceases to exist;
 - f. when the borrower has absconded with a view to prevent the recovery of the total outstanding dues from him/ her;
 - g. for any other similar reasons so as to facilitate peaceful taking possession of the asset by the Company; and/ or
 - h. on such other conditions as mentioned in the loan agreement executed between the Company and the borrower.
- ii. Where the notice is dispensed with in any of the above circumstances, the reasons shall be recorded in writing before possession is taken, and the borrower shall be informed in writing immediately after possession is taken of the dues outstanding, the place where the asset is kept and the final chance available under this Code before the sale of the asset.
- iii. The procedure for taking possession of the asset includes:
 - a. when the borrower fails to follow the demand made in the above referred notice, the Company may approach appropriate forum for an order enabling it to take possession of the asset by suitable ways either by way of a commissioner or receiver;
 - b. by asking the borrower personally to surrender the asset at a place convenient to the Company; and/ or
 - c. by compelling the borrower to hand over possession through the authorities so as to

- prevent the use of the asset by the borrower.
- iv. The above two clauses (i and ii) are not applicable to the cases wherein the borrower surrenders the asset voluntarily.
 - v. Provision regarding final chance to be given to the borrower for repayment of the outstanding dues before the sale / auction of the property:
 - a. The Company is entitled to transfer in any form like sale, rental and conversion for own use etc. the asset, the possession of which is obtained in any of the ways stated above or otherwise, in connection with the default, in the way convenient to the Company and appropriate the proceeds thereof towards repayment/dues from the borrower, when the borrower and guarantor fails to follow the notice for repayment of the outstanding dues within 7 (seven) days in any of the modes of service of such notice at the convenience of the Company, as a final chance to avoid the transfer under this clause. This right to transfer does not take away the sole discretion of the Company to return the possession of the asset in appropriate cases.
 - vi. If such sale proceeds are insufficient to discharge the entire dues, the Company shall move further against the borrower and/ or the guarantor and if the sale proceeds exceeds the due, the balance shall be refunded to the borrower without awaiting a claim, subject to any right of set-off notified to the borrower in terms of this Code. However, the above entitlement is no bar for the Company to proceed against the borrower and/ or the guarantor directly, sparing the proceedings against the security/ asset.
 - vii. The sale of a repossessed asset shall be carried out in a fair and transparent manner, as follows: (a) the asset shall be valued before sale by an independent valuer empanelled by the Company, and the reserve price shall be fixed with reference to such valuation; (b) the asset shall be sold by public auction, by inviting quotations / tenders, or through any other transparent mode, to the highest bidder at or above the reserve price; (c) the borrower and the guarantor, if any, shall be informed in writing, before the sale, of the reserve price and the date, time and mode of sale, and the borrower may introduce a buyer offering a price higher than the reserve price; (d) no employee or recovery agent of the Company, or any relative of such employee or agent, shall purchase the asset; and (e) the sale proceeds shall be appropriated towards the outstanding dues and the expenses recoverable under this Code, and a statement of account showing the sale price, the expenses and the appropriation shall be furnished to the borrower.
 - viii. The Company is entitled to recover from the borrower all types of expenses on full indemnity basis, incurred by or on behalf of the Company in ascertaining the whereabouts of the asset, taking possession, garaging, insuring, transporting, and selling the asset and also for other legal steps in connection with the loan agreement. Such charges shall be disclosed in the loan agreement and, where applicable, the Key Facts Statement, and any fees or charges not mentioned in the KFS shall not be charged without the explicit consent of the borrower.
 - ix. The possession clause in the Company's loan agreements shall be legally valid and shall be clearly brought to the notice of the borrower at the time of execution of the loan agreement. The loan agreement shall contain provisions regarding the notice period before taking possession, the circumstances in which the notice period may be waived, the procedure for taking possession, the final chance to be given to the borrower for repayment before sale / auction, the procedure for giving possession back to the borrower and the procedure for sale / auction of the security.

Responsibility of Board of Directors:

The Board of Directors or the Committee thereof of the Company shall lay down appropriate grievance redressal mechanism within the Company. Such a mechanism should ensure that all disputes arising out of the decisions of the Company's functionaries are heard and disposed of at least at the next higher level. The Board of Directors shall also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at regular intervals.

Grievance Redressal and Customer Relationship Management:

Customer Service is a key focus area for the Company. The Company believes in integrity, good governance, professionalism, transparency & client satisfaction while dealing with customer grievances.

The borrower(s) can register his/ her/ its grievance through any of the following channels.

- Office — Customers can walk into the Office of CFL and any other offices/branches to be opened from time to time:
 - ✓ **Monday to Friday — 10:00 am to 6:00 pm**
 - ✓ **Saturdays - Fourth and Fifth (if any) of a month — 10:00 am to 6:00 pm**
- Email — **Customer can send mail to** santosh@skothari.com
- Phone call — Customers can reach CFL at: **+91 22 2422 4480**

The Company has a robust mechanism to monitor customer grievances and take necessary steps to address gaps, if any. In the event of non-disposal of the complaint by the designated executive, such complaint(s) shall be escalated using the escalation matrix intimated to the borrower(s) so that the borrower's grievance is resolved speedily. The Company shall disclose the following at all its branches/ places where business is transacted:

- a. the name and contact details (Telephone/ Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company.
- b. For escalation level and key personnel details (Nodal officer/ Principal Nodal Officer) in pertaining to grievance redressal, kindly refer to Grievance redressal policy.
- c. that if a complaint is rejected wholly or partly by the Company and the complainant is not satisfied with the reply or does not get any reply within 30 days after the Company received the complaint, the complainant may approach the RBI Ombudsman under the Reserve Bank – Integrated Ombudsman Scheme, 2021, by lodging a complaint on the Complaint Management System portal (<https://cms.rbi.org.in>) or by sending a physical complaint to the Centralised Receipt and Processing Centre, 4th Floor, Reserve Bank of India, Sector-17, Central Vista, Chandigarh – 160017.

The Company shall give a time limit of 30 days to the customers for preferring their complaints or grievances. The grievance redressal procedure of the Company and the time frame fixed for responding to the complaints shall be placed on the Company's website.

For loans sourced through digital lending apps / platforms, the Company, and its Lending Service Providers having an interface with the borrower, shall designate nodal grievance redressal officers to deal with digital lending related complaints, whose contact details shall be prominently displayed on the websites of the Company and its LSPs, on the DLA and in the KFS; the facility of lodging complaints shall also be made available on the DLA and the website, and the responsibility of grievance redressal shall remain with the Company.

The Company shall maintain on its website, at a prominent single place, details of all its digital lending products and DLAs, details of LSPs and their DLAs with the activities for which they are engaged, particulars of its customer care and internal grievance redressal mechanism, link to the Reserve Bank's Complaint Management System and Sachet Portal, and its privacy policies, and shall ensure that DLAs / LSPs have links to this website.

Reserve Bank - Integrated Ombudsman Scheme, 2021:

- i. Appointment of the Nodal Officer/ Principal Nodal Officer Under the Ombudsman Scheme, the Company has appointed Nodal Officers (NOs) who shall be responsible for representing the Company and furnishing information to the Ombudsman in respect of complaints filed against the Company. The Principal Nodal Officer (PNO) shall be responsible, inter alia, for representing the covered the Company before the Ombudsman and the Appellate Authority under the Scheme.
- ii. For the benefit of the customers, at the branches/ places where business is transacted, the name and contact details (Telephone/ Mobile numbers as also email addresses) of the PNOs/NOs/GROs and the name and contact details of the Ombudsman, who can be approached by the customer. The salient features of the Scheme (in English, Hindi, and Vernacular language) at all their offices and branches shall be prominently displayed in such a manner that a person visiting the office or branch has easy access to the information.

Repossession of vehicles financed by the Company:

The loan agreement of the Company shall contain necessary repossession clauses with relevant details thereof as prescribed by RBI from time to time.

Interest Rates and Gradation of Risk:

The aim of adopting these practices is to communicate the annualized rate of interest to the borrower along with the approach for gradation of risk and rationale for charging different rates of interest to different categories of borrowers to have a transparent trade with customers and also to comply with the regulatory guidelines.

Interest Rate:

Appropriate internal principles and procedures in determining interest rates and processing and other charges shall be followed in line with the approved company policies from time to time. The rate of interest arrived shall be based on the weighted average cost of funds, administrative costs, risk premium and profit margin.

Gradation of Risk:

The decision to give a loan and the interest rate applicable to each loan account shall be assessed on a case-to-case basis, based on multiple parameters such as the type of asset being financed, borrower profile and repayment capacity, borrower's other financial commitments, past repayment track record if any, the security for the loan as represented by the underlying assets, loan to value ratio, mode of payment, tenure of the loan, geography (location) of the borrower, end use of the asset, etc.

Any change in the rate of interest shall be in accordance with the loan agreement, shall be notified to the borrower in the vernacular language or a language as understood by the borrower, and shall be effected only prospectively. The rate of interest informed are annualized rates so that the borrower is aware of the exact rates that would be charged to the loan account.

The rate of interest and the approach for gradation of risk and rationale for charging different rates of interest to different categories of borrowers shall be disclosed to the borrower in the application form and communicated explicitly in the sanction letter, and shall also be made available on the Company's website, which shall be updated whenever there is a change in the rates of interest.

Review:

The Audit Committee shall oversee the implementation of the Code and review its functioning periodically. Any changes proposed by the Audit Committee shall be placed before the Board for its approval.