

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

(“NBFC/ B-13.02480”)

LOAN RESTRUCTURING POLICY

SUMMARY OF POLICY

Particular	Details
Policy Name	Loan Restructuring Policy
Version	V2
Latest Approval/Review Date	07 th April,2026
Review Cycle	Annually
Approver	Board of Directors of Chartered Finance & Leasing Ltd

VERSION HISTORY

Version	Approval	Version Description	Regulatory Reference	Remark
I	Board Meeting dated 11 th July, 2025	2025	RBI Regulation	Adopted by the Board
II	Board Meeting dated 07 th April,2026	2026	RBI Regulation	Adopted by the Board

LOAN RESTRUCTURING POLICY

1. Governance: -

- **Definition of Restructuring:** Restructuring occurs when a lender provides concessions to a borrower facing financial difficulties for economic or legal reasons. This typically involves modifying the terms of loans or securities, including adjustments/alteration of payment periods, payable amounts, interest rates, rollover of credit facilities, sanctioning additional credit, or compromise settlements where time for payment of settlement exceeds three months.
- **Board-Approved Policy:** As mandated by the Reserve Bank of India (Non-Banking Financial Companies – Resolution of Stressed Assets) Directions, 2025 (Part A), NBFC must have a board-approved policy for managing stressed assets. This policy should detail indicators of financial difficulty, including both quantitative and qualitative parameters for determining financial difficulty as expected from a prudent bank. In order to enable Chartered Finance & Leasing Limited (hereinafter referred as CFL or Company) to frame respective policies for determination of financial difficulty, a non-exhaustive indicative list of signs of financial difficulty are provided as under:
 - a) A default, as per the definition provided in the framework, shall be treated as an indicator for financial difficulty, irrespective of reasons for the default.
 - b) A borrower is not in default, but it is probable that the borrower will default on any of its exposures in the foreseeable future without the concession, for instance, when there has been a pattern of delinquency in payments on its exposures.
 - c) A borrower's outstanding securities have been delisted, are in the process of being delisted, or are under threat of being delisted from an exchange due to noncompliance with the listing requirements or for financial reasons.
 - d) On the basis of actual performance, estimates and projections that encompass the borrower's current level of operations, the borrower's cash flows are assessed to be insufficient to service all of its loans or debt securities (both interest and principal) in accordance with the contractual terms of the existing agreement for the foreseeable future.
 - e) A borrower's credit facilities are in non-performing status or would be categorized as non-performing without the concessions.

- f) A borrower's existing exposures are categorized as exposures that have already evidenced difficulty in the borrower's ability to repay in accordance with CFL's internal credit rating system.
- CFL shall complement the above non-exhaustive list of indicators of financial difficulty with the following key financial ratios and operational parameters, covering quantitative as well as qualitative aspects: (a) quantitative – deterioration in the debt service coverage ratio, interest coverage ratio, current ratio, debt-equity ratio, fixed obligation to income ratio and loan-to-value ratio, a sustained decline in turnover, profitability or net worth, and cash flows falling short of the level assessed at sanction; and (b) qualitative – repeated requests for rescheduling or deferment of instalments, dishonour of cheques / ACH mandates, delay in submission of financial statements or other information, adverse audit qualifications, indications of diversion of funds, loss of a major customer, contract or licence, disputes among promoters, adverse credit bureau information, and a downgrade in CFL's internal or any external credit rating; each parameter being assessed against the benchmarks laid down in the credit appraisal norms of the relevant approved product note. Financial difficulty may be identified even in the absence of arrears on an exposure.
 - **Financial Viability Requirement:** Restructuring will only be considered if the borrower's financial viability is established and there is reasonable certainty of repayment. Any restructuring not based on a thorough assessment of cash flows may be viewed as an attempt to "evergreen" a weak credit facility, potentially leading to supervisory actions.
 - The timelines for resolution of stressed assets shall be: (a) a review period of 30 days from the date of default, within which CFL shall decide on the resolution strategy, including the nature of the resolution plan (RP); (b) where an RP is to be implemented, it shall be approved within 60 days and implemented within 180 days from the end of the review period; and (c) in the case of retail and MSME exposures not covered by an inter-creditor agreement, the RP shall be implemented within 90 days from the date on which financial difficulty is identified. Any extension of these timelines shall require the approval of an authority one level higher than the authority that approved the RP, with the reasons recorded in writing.
 - **Fair Practice Code:** Under our fair practice code, NBFCs cannot reschedule or restructure accounts retroactively. Normally, restructuring cannot take place unless alteration / changes in the original loan agreement are made with the formal consent / application of the debtor. However, the process of restructuring can be initiated by the NBFC in deserving cases subject to customer agreeing to the terms and conditions.
 - **Prudential Norms:** CFL will follow assets Classification/Income recognition norms as prescribed by RBI.
 - An account classified as 'standard' shall be immediately downgraded as non-performing asset, i.e., 'sub-standard' to begin with, upon restructuring, and an account classified as non-performing asset shall, upon restructuring, continue to have the same asset classification as prior to restructuring, governed thereafter by the ageing criteria under the IRACP Directions. Such accounts may be upgraded only when all the outstanding loan / credit facilities in the account demonstrate satisfactory performance during the monitoring period, provided that the account shall not be upgraded before one year from the commencement of the first payment of interest or principal (whichever is later) on the credit facility with the longest period of moratorium under the resolution plan. Additional finance approved under the resolution plan may be treated as standard during the monitoring period, subject to satisfactory performance, failing which it shall be placed in the same asset classification category as the restructured debt. Restructured accounts shall attract provisioning as per their asset classification, and an additional specific provision of 15 per cent shall be made for the accounts so specified in the Resolution of Stressed Assets Directions. Interest income on restructured standard accounts may be recognised on accrual basis, and on restructured non-performing accounts on cash basis.

- **System Feasibility:** CFL have mechanism to accommodate to entail with their operational process.
- **SMA Classification:** CFL shall classify borrower accounts as Special Mention Account (SMA-0, SMA-1, SMA-2) based on the number of days past due, as prescribed under the Resolution of Stressed Assets Directions, 2025, to enable early identification of incipient stress.
- **CRILC Reporting:** CFL shall report credit information, including classification of an account as SMA, to the Central Repository of Information on Large Credits (CRILC) on all borrowers having aggregate exposure of ₹5 crore and above with it, on a monthly basis, and shall submit a weekly report of instances of default by all such borrowers by close of business every Friday (or the preceding working day if Friday is a holiday), in terms of the Resolution of Stressed Assets Directions, 2025.
- Where the borrower has credit facilities from more than one specified lender, CFL shall undertake the prima facie review within the Review Period and enter into an inter-creditor agreement; resolution plans involving restructuring / change in ownership where the aggregate exposure of specified lenders is ₹100 crore and above shall require independent credit evaluation of the residual debt, and only plans receiving RP4 or better shall be implemented; and the resolution plan shall be deemed implemented only on fulfilment of the conditions specified in the Resolution of Stressed Assets Directions.
- **Compromise Settlements and Technical Write-offs:** Any compromise settlement or technical write-off shall be considered only after an assessment of the sacrifice involved (the difference between the amount due and the amount actually recovered/agreed) against a permissible-sacrifice threshold, and shall be documented with due regard to staff accountability where applicable. Proposals for compromise settlements in respect of borrowers classified as fraud or wilful defaulter shall require approval of the Board in all cases. Such borrowers shall not be eligible for restructuring except as provided in the said Directions.
- The permissible sacrifice for various categories of exposures, after prudently reckoning the current realisable value of security / collateral, shall be: (a) secured exposures – the settlement amount shall not be lower than the realisable value of the security reckoned in the manner set out below, and the sacrifice (being the difference between the total dues and the present value of the settlement amount) shall not exceed 25% of the principal outstanding in accounts classified as standard / SMA, 50% in accounts classified as sub-standard or as doubtful for up to one year, and 75% in accounts classified as doubtful for more than one year or as loss assets; (b) unsecured exposures – the sacrifice shall not exceed 40% of the principal outstanding in accounts classified as NPA for up to two years and 60% in accounts classified as NPA for more than two years; and (c) any proposal involving a sacrifice in excess of these limits, or any compromise in an account classified as fraud or wilful default, shall be approved by the Board. Staff accountability in compromise settlements and technical write-offs shall be examined under the following graded framework: (a) every such account shall be examined for lapses, if any, at the stages of appraisal, sanction, documentation, disbursement, post-disbursement monitoring and recovery, distinguishing bona fide business decisions from negligence, mala fide action or non-compliance with policy; (b) accounts up to the lower threshold shall be examined by an official at least one level higher than the sanctioning authority, and accounts above that threshold by a committee nominated by the MD & CEO, in either case comprising officials who were not involved in the sanction, monitoring or recovery of the account; (c) the findings, the evidence relied upon and the reasons shall be recorded in writing, and the official(s) concerned shall be given an opportunity to be heard before any accountability is fixed; and (d) cases in which lapses are established shall be referred for action under the applicable service and disciplinary rules, and a summary of the examinations completed and pending, and of the action taken, shall be placed before the Board along with the reports on compromise settlements and technical write-offs. The monetary thresholds for each grade and the timelines for completing the examination shall

be: (i) Grade I – accounts with total dues (principal and interest) of up to ₹25 lakh at the time of the compromise settlement or technical write-off, to be examined by an official at least one level higher than the sanctioning authority within 60 days; and (ii) Grade II – accounts with total dues above ₹25 lakh, to be examined by a committee nominated by the MD & CEO within 90 days; the period in each case being reckoned from the date of approval of the compromise settlement or technical write-off.

- **Conditions precedent and valuation:** Compromise settlements and technical write-offs shall be considered only upon satisfaction of the necessary conditions precedent, such as minimum ageing of the account and deterioration in collateral value, and the realisable value of the security shall be arrived at on a prudent and documented basis, reckoning its current realisable value.
- The conditions precedent for compromise settlements and technical write-offs, including minimum ageing of the account and deterioration in collateral value, shall be: (i) compromise settlements – the account shall have been classified as SMA-2 or NPA, save where a settlement at an earlier stage is demonstrated in the proposal to maximise recovery, and all reasonable recovery efforts shall have been made and documented; (ii) technical write-offs – the account shall have been classified as NPA for at least two years and be fully provided for, or the realisable value of the security shall have declined to less than 25% of the outstanding dues; and (iii) in either case, the borrower's net worth and repayment capacity shall have been assessed and a fresh credit information report obtained. The realisable value of the security shall be arrived at as follows: (a) the security shall be valued, on the basis of a physical inspection, by an independent valuer empanelled by CFL (being a registered valuer wherever so required by law) who has had no involvement in the sourcing or sanction of the account; (b) the valuation report shall not be older than six months (three months in the case of movable assets) on the date of the proposal, and a fresh valuation shall be obtained wherever there has been a material change in the condition of the security or in market conditions; (c) the realisable value shall be reckoned at the distress / forced-sale value, net of the estimated costs, time and legal impediments in enforcement and sale, including statutory dues and prior charges, and not at the market value; and (d) where more than one valuation is obtained, the lower value shall be adopted, and the basis of reckoning shall be documented in the proposal.
- **Approving authority:** The power to approve a compromise settlement or technical write-off shall rest with an authority (individual or committee) at least one level higher in hierarchy than the authority vested with the power to sanction the credit/investment exposure, and any official who was part of sanctioning the loan shall not be part of approving the proposal for compromise settlement of the same account in any capacity.
- **Reporting:** Compromise settlements and technical write-offs approved by any authority shall be reported to the next higher authority at least on a quarterly basis, and those approved by the MD & CEO or a Board-level Committee shall be reported to the Board, in a reporting format mandated by the Board covering, at the minimum, the trend in number and amount of such accounts, the break-up of accounts classified as fraud, red-flagged, wilful default and quick mortality, amount-wise, sanctioning authority-wise and segment-wise grouping, and the extent of recovery in technically written-off accounts.
- **Fraud and wilful default:** Borrowers who have committed fraud/malfeasance/wilful default, and any entity with which a wilful defaulter is associated, shall remain ineligible for restructuring, save where the existing promoters are replaced by new promoters and the borrower company is totally delinked from the erstwhile promoters/management, or, in the case of a wilful defaulter, after removal of its name from the List of Wilful Defaulters, subject to the applicable penal measures.
- Compromise settlement is not available to borrowers as a matter of right and is a discretion exercised by CFL based on its commercial judgement. Any mutually agreed provision for future contingent realisation shall not be recognised on the balance sheet until actual

realisation, failing which the arrangement shall be treated as restructuring. Compromise settlements where the time for payment of the agreed settlement amount exceeds three months, and any part settlement, shall be treated as restructuring. Where recovery proceedings are pending before a judicial forum, any settlement shall be subject to obtaining a consent decree.

- **Resolution of accounts impacted by calamities:** In terms of the Reserve Bank of India (Non-Banking Financial Companies – Resolution of Stressed Assets) Directions, 2025 (inserted with effect from July 1, 2026), CFL may implement resolution plans for borrowers impacted by a natural calamity (an event recognised under the National / State Disaster Response Fund) or, mutatis mutandis, by external events such as riots or disturbances that result in loss to economic activity, upon the declaration of such calamity by the Central / State Government and where the State Level / Union Territory Level Bankers' Committee or District Consultative Committee (SLBC / UTLBC / DCC) recommends relief measures. Borrowers whose accounts are classified as 'Standard' and are not in default for more than 30 days with CFL in respect of any facility as on the date of occurrence of the calamity shall be eligible. The refinance portfolio, if any, is excluded, and borrowers not so eligible may be considered under the other provisions of this Policy.
- **Objective principles for relief:** The objective principles for the terms of relief to be granted to various borrower / loan categories shall be as follows: (a) relief shall be extended only to eligible borrowers whose capacity to repay has been impaired by the calamity, as evidenced by the verifiable parameters set out below, and shall be commensurate with the impairment so assessed; (b) borrowers in the same loan category who are similarly affected shall be offered uniform terms, without discrimination; (c) the nature, extent and duration of relief shall be linked to the borrower's viability and the expected period of disruption to the borrower's income or business, and shall not exceed what is necessary to restore repayment capacity; (d) the recommendations of the SLBC / UTLBC / DCC shall be followed for the categories of borrowers they cover; and (e) the basis of the terms granted shall be recorded in each case. While extending relief, CFL shall factor in the relief measures already provided or being provided by the Government of India / State Governments, may take into account insurance proceeds receivable (adjusting them on receipt towards restructured accounts where fresh loans have been granted), and shall make available Interest Subvention / Prompt Repayment Incentive benefits notified by the Government to eligible borrowers without exception.
- **Relief measures and verifiable parameters:** Based on an assessment of the viability prospects of the borrower, the resolution plan may include rescheduling of payments (including a moratorium with consequential extension of tenor), conversion of any interest accrued or to be accrued into another credit facility, and sanction of additional finance. The relief measures appropriate to a borrower shall be determined on the basis of the following verifiable parameters: (a) location of the borrower's residence, place of business or the financed asset / security in the area in which the calamity has been declared; (b) loss of or damage to income, assets, stock or business premises, documented by a Government survey or loss assessment, an insurance claim or surveyor's report, police or other official records, or CFL's own field verification; (c) the borrower's repayment record up to the date of occurrence of the calamity; and (d) the borrower's revised cash-flow projections, establishing that repayment will be viable under the relief proposed.
- **Delegation matrix:** The delegation matrix for deciding and implementing relief measures, including restructuring and sanction of additional finance, with focus on timely implementation: (a) aggregate exposure to the borrower of up to ₹1 crore – MD & CEO; (b) aggregate exposure above ₹1 crore and up to ₹10 crore – Credit Committee; and (c) aggregate exposure above ₹10 crore, exposures to related parties, and any relief involving a sacrifice in excess of the limits in this Policy – the Board or the Risk Management Committee of the Board;

relief measures granted shall be reported to the Board quarterly. Resolution shall be invoked no later than 45 days, and implemented within 135 days, from the date of declaration of the calamity.

- **Invocation, communication and opt-out:** CFL may implement a resolution plan suo moto on the recommendation of the SLBC / UTLBC / DCC, without awaiting a request from the borrower. In such cases CFL shall communicate the deemed invocation to the borrower and allow the borrower to opt out at any time until 135 days from the date of declaration of the calamity. CFL shall give adequate publicity to the decisions of the SLBC / UTLBC / DCC through brochures, banners, newspaper advertisements, visits by field staff and other suitable modes.
- **Prudential treatment and reporting:** Asset classification, additional specific provisioning, write-back of such provisions and income recognition for accounts resolved under Chapter VI-A shall be as set out in the Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025 and the Company's NPA Management Policy. Data on relief measures, or a 'NIL' statement, shall be uploaded on the CIMS portal half-yearly, within 30 days from the end of each half-year ending September 30 and March 31.
- CFL may, at its discretion, provide relief measures such as waiver / reduction of various fees and charges in respect of customers in the areas where a calamity has been declared, for a period not exceeding one year. Such relief may be extended to borrowers whose residence or place of business is in the area notified as calamity-affected, and shall cover processing / documentation charges for any restructuring or rescheduling, penal charges, cheque / NACH bounce charges and foreclosure / part-prepayment charges. The relief shall be approved by the MD & CEO up to ₹5 lakh per borrower and by the Credit Committee above that amount, and a quarterly report of the relief granted shall be placed before the Board.

2. Process

- Arrangement sought to be arrived at with the customer will be documented in a memo which will broadly cover the background, discussions held, and the payment arrangement agreed with the customer, giving details of the waiver sought calculated till the end of the proposed repayment period.
- Approving authority here is the MD and/ or CRO.
- Where the arrangement constitutes a compromise settlement, approval shall rest with an authority at least one level higher in hierarchy than the authority vested with power to sanction the credit exposure, and any official who was part of sanctioning the loan shall not be part of approving the proposal in any capacity. Directors, KMP or Specified employees shall recuse themselves from deliberations and decisions on implementation of resolution plans, one-time settlements, waivers or write-offs involving themselves or their related parties.
- The CRO must report along with the agreed terms and conditions along with fresh credit assessment memo (CAM).
- All Arrangement Once Approved, notification to Risk and Accounts.
- Once approved, these arrangements (settlements) should be formally documented through a letter addressed to the customer taking acknowledgement from customer for this.
- Customer must be informed vide a formal letter, informing him about CFL's offer and the terms thereof, and asking him to return an acknowledged copy of the letter as a token of acceptance & filled in his file.
- All documentation shall be done as per a new case with signing of agreements etc. & recorded into the system.

3. Who Can recommend: -

- The Board can recommend.

- Documentation completion remains a responsibility of the Accounts team as this will be treated as a new case in the system.
- Necessary information to operations, accounts, portfolio and accounts teams can be done as per the intimation done through email by Accounts team.
- Any waivers / approvals need to be taken before hand through the approval of the MD.
- In respect of borrowers subject to compromise settlements, CFL shall observe a cooling period of not less than 12 months before assuming fresh exposures to such borrowers, and the cooling period in respect of exposures subjected to technical write-offs shall be as determined by the Board, in terms of the Resolution of Stressed Assets Directions, 2025. In respect of borrowers classified as fraud or wilful defaulter, the cooling period shall be without prejudice to the penal measures applicable to such borrowers.
- The cooling period before assuming fresh exposure to borrowers whose exposures have been subjected to technical write-off shall be 12 (twelve) months from the date of technical write-off in the case of retail / individual borrowers, and 24 (twenty-four) months in all other cases; any fresh exposure thereafter shall be sanctioned by an authority one level higher than the authority otherwise competent to sanction it.
- Attached annexure for the restructuring.
- **Refer to Annexure – 1.**

Annexure – 1	
Old credit assessment details like LTV, Fixed obligation income Ratio if any, Geographical location, property type etc.	Old assessments to be part of the file. Credit Check
If it is 0 to 90 DPD case then the credit will see the reason of financial difficulty of customer, if he finds that information which was submitted by customer is correct and case is not an NPA case then he will recommend case to higher authority.	Credit Check
Reasons of re-assessment of case which is submitted by customer while applying for re-assessment like the comfortable EMI's /Tenure changes which is demanded by Customer.	Credit Check/ Maximum tenure/other norms as per approved product note.
Visit of customer to understand current situation of customer.	Joint Visit by the Accounts team– with remarks to be placed in the file before final approval.
Credit manager will also take a feedback from field accounts team.	Remarks to be put up in the file
Repayment history of existing case. If it is NPA case then proposal should be rejected.	Credit Check
Post verification the Addendum/customer consent to be acknowledged and the same is shared with customer also as a part of Loan Kit.	Credit Check