

CHARTERED FINANCE & LEASING LTD.
(CFL)

(“NBFC/ B-13.02480”)

SUMMARY OF POLICY

Particular	Details
Policy Name	Loan Restructuring Policy
Version	V1
Latest Approval/Review Date	11 th July, 2025
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

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 Prudential Framework for Resolution of Stressed Assets (June 7, 2019), 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 the bank's internal credit rating system.
- **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.
- **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.
- **System Feasibility:** CFL have mechanism to accommodate to entail with their operational process.

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.
- 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.
- 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