

FAIR PRACTICE CODE

(Amended and approved by the Board of Directors on 12.08.2025) Version-5.0

Preamble

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non-Banking Finance Companies (NBFCs) thereby setting standards for fair business and corporate practices while dealing with their customers. Pursuant to the Notification issued by the Reserve Bank of India by its Circular No. DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 01, 2015 and guidelines for Fair Practices Code for Lenders – Charging of Interest vide DoS.CO.PPG.SEC.1/11.01.005/2024-25, and all subsequent circulars and directions issued by RBI from time to time including but not limited to circulars on Key Facts Statement dated April 15, 2024, Penal Charges dated August 18, 2023, Release of Property Documents dated September 13, 2023, Reset of Floating Interest Rate on EMI based personal loans dated August 18, 2023, and Reserve Bank – Integrated Ombudsman Scheme, 2021, as amended from time to time, CSL FINANCE LIMITED ("CSL") has formulated this Fair Practices Code to lay down the following procedures/practices in dealing with the business transactions. The Company shall adopt all the best practices prescribed by RBI from time to time and shall make appropriate modifications if any necessary to this Code to conform to the standards so prescribed.

CSL policy is to treat all the clients consistently and fairly. The employees of CSL will offer assistance, encouragement and service in a fair, equitable and consistent manner. CSL will also communicate its Fair Practices Code (FPC) to its customers by uploading the Fair Practice Code ("FPC") on its website.

CSL will ensure that the implementation of the FPC is the responsibility of the entire organisation. Its commitment to FPC will be demonstrated in terms of employee accountability, training, counselling, and monitoring, auditing programs and internal controls, and optimal use of technology.

CSL management team is responsible for implementing the fair practices hereinafter detailed, and also to ensure that its operations reflect its strong commitment to all the stakeholders for offering in a fair and equitable manner, the various financial services and products including lending and that all employees are aware of this commitment.

The Fair Practice Code (FPC) is intended to cover the following areas:

- Applications for loans and their processing
- Loan appraisal and terms/conditions
- Key Facts Statement for Loans and Advances
- Disbursement of loans, including changes in terms and conditions
- Charging of interest on disbursement of loan facilities
- Penal charges in loan accounts
- Release of movable/immovable property documents
- Reset of floating interest rate on EMI based personal loans
- Non-discrimination for physically/visually challenged borrowers

- General provisions
- Grievance redressal mechanism

Applications for loans and their processing:

1. All Communication to the borrower will be in vernacular language or a language as understood by the borrower. All relevant information pertaining to the loan will be made available in the relevant loan application form(s), including the necessary loan information and documents required to be submitted together with the duly completed application form.
2. Loan application forms and Key Fact Statement (KFS) of CSL will include necessary information which are likely to affect the interests of the prospective borrower, rate of interest and the approach of CSL for gradation of risk and rationale for charging different rate of interest to different categories of borrower so that a meaningful comparison with the terms and conditions offered by other Non-Banking Finance Companies can be made and an informed decision can be taken by the prospective borrower.
3. CSL shall provide to the prospective borrower an acknowledgement for receipt of all loan applications. An indicative time frame within which loan applications will be disposed of will be mentioned in such acknowledgement.

Loan appraisal and terms/conditions

1. Loan applications shall be assessed in accordance with the Company's credit appraisal process and policies.
2. Upon approval of the loan, an agreement/sanction letter indicating the amount of loan sanctioned, tenure and annualised rate of interest applicable, including method of application thereof, along with the terms and conditions, shall be conveyed in writing to the loan applicants in vernacular language or a language as understood by the borrowers along with penal charges rate for late repayment in bold letters. A written acceptance of such terms and conditions shall be retained by the Company.
3. CSL shall furnish a copy of the loan agreement to the borrower along with a copy of all enclosures quoted in the loan agreement to the borrower.

Key Facts Statement for Loans and Advances

1. CSL shall comply with the instructions contained in the circular on 'Key Facts Statement (KFS) for Loans & Advances' dated April 15, 2024, as amended from time to time.
2. CSL shall provide Key Facts Statement to all borrowers in the prescribed format as given in the RBI circular, ensuring transparency and enabling borrowers to make informed decisions.
3. The KFS shall be provided at the time of sanction/disbursement of loans and shall contain all material terms and conditions in a standardized and simplified format.

Disbursement of loans, including changes in terms and conditions

1. The Company will refrain itself from changing the terms & conditions after the same have been settled at the time of initial sanction and disbursement of loan unless receipt of any significant information which were not disclosed earlier by the borrowers.
2. Any changes to the terms and conditions, including disbursement schedule, interest rates, service charges, prepayment charges, etc., shall be informed individually to the borrowers in case of account specific changes, and in case of others, the same shall be available at the registered office / corporate office of the Company.
3. Changes in the interest rates and charges shall form part of loan agreement and shall be effected only prospectively.
4. Decision to recall / accelerate payment or performance under the agreement shall be in accordance with the terms and conditions duly acknowledged by the borrowers.
5. All securities pertaining to the loan would be released on receipt of full and final payment of the loans, subject to any legitimate right or lien and set-off for any other claim that the Company may have against the borrower. If such right of set-off is to be exercised, the borrowers 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 the securities until the relevant claim is settled /paid.

Charging of interest on disbursement of loan facilities:

1. **Interest Charging Commencement:** i. Interest will be charged on the loan facility from the date on which the funds are made available to the borrower or the date of clearance of cheque. ii. However, exceptions are provided for specific cases, as detailed in clause 2.2 and 2.3 of this policy, where interest will be charged on or after happening/occurring of a particular event, as detailed in below sub clause 2.2 and Clause 2.3, as the funds hold by CSL for fulfilling its commitment made to the customer by issuance of sanctioned letter or execution of loan agreement.
2. **Charging of Interest on Disbursement of Loan Facilities, in below manner:** 2.1. Disbursement of Fresh Loans (where No Registered Mortgage/Registered Equitable Mortgage/ Lien is Required): a. Loan shall be disbursed by CSL only when all conditions are compiled by the borrowers. b. Interest shall be charged on the loan facility from the date of clearance of cheque or the funds are made available to the customer for their utilization. 2.2. Disbursement of Loans (where Registered Mortgage/Registered Equitable Mortgage/Lien required to be executed): In these circumstances, execution of loan agreement is mandatory, as the details of loan facility, including the date of execution of loan agreement, shall be populated in the Mortgage Deed / Lien for its execution and registration, and upon execution of loan agreement and disbursement of loan facility in LMS, CSL block its fund for the commitment made to the customer. However, in light of the RBI circular on "Fair Practices Code for Lenders – Charging of Interest vide DoS.CO.PPG.SEC.1/11.01.005/2024-25" interest shall be charged on the loan facility from the date of clearance of cheque or the funds are made available to the customer for their utilization. Further, the funds shall only be made available to the customer when the Registered Mortgage, Registered Equitable Mortgage, or Lien will be received by CSL. 2.3. Balance Transfer and Top-up of Loan facility: In this circumstances, loan facility shall be released in two (2) tranches: i. First tranche shall be transferred to BT Bank/Financial Institutions through borrower post receipt of complete documents / information as per the terms of the loan agreement and/or sanction letter; and ii. Second tranche/Top up amount shall be released to the

borrower post receipt of NOC for closure of loan, original title deeds and chain documents of the mortgaged property and execution of mortgage deed/lien in the revenue record, in favour of CSL. In this case, interest shall be charged in the following manner: i. Interest to be charged on the first tranche of loan to be disbursed to the BT Bank/Financial Institutions from the day the cheque is handed over to the borrower, as the cheque will be available for encashment and the borrower can deposit it with the BT Bank/Financial Institutions immediately upon receipt. If the borrower delays presenting the cheque to BT Bank/Financial Institutions for closing their loan facility, CSL will continue to charge interest on the amount blocked for the cheque's clearance from the date the cheque was issued to the borrower. ii. Once the second tranche is disbursed, interest shall be charged on the entire loan amount from thereon.

3. **Pro-rata Interest Calculation** i. For disbursements or repayments made during the course of a month, interest will be charged on a pro-rata basis. Interest will only be applied for the period during which the loan amount was actually outstanding.

ii. Full month's interest will not be charged if the loan was not outstanding for the entire month.

4. **Handling of Advance Instalments** i. In cases where instalments are collected in advance, the principal amount used for interest calculation will be adjusted accordingly. ii. Interest will not be charged on the full loan amount if instalments have been collected in advance.
5. **Refund of Excess Charges** i. CSL will review instances where excess interest or other charges have been levied due to non-compliance with the above guidelines. ii. Such excess amounts will be refunded to the affected customers promptly.
6. **Mode of Loan Disbursal** i. CSL will strongly prefer online account transfers for disbursal of loan amounts to avoid delays and discrepancies associated with cheque disbursals. ii. Where cheques are used, customers will be informed about the timeline for cheque clearance and corresponding interest commencement dates.
7. **Customer Communication** i. Clear communication will be maintained with customers regarding the terms of interest charging, including the date from which interest will be charged and the basis of interest calculation. ii. Customers will be provided with detailed loan statements showing interest calculations and any advance payments or refunds applied.

Penal charges in loan accounts

1. 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 capitalisation 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.
2. CSL shall not introduce any additional component to the rate of interest and ensure compliance to the guidelines in both letter and spirit.
3. CSL have approved policy on penal charges or similar charges on loans, by whatever name called.

4. 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.
5. 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.
6. The quantum and reason for penal charges shall be clearly disclosed by CSL 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 CSL under Interest rates and Service Charges.
7. Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

Release of movable/immovable property documents

1. Release of movable/immovable property documents i. CSL 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. ii. The borrower shall be given the option of collecting the original movable/ immovable property documents either from the banking outlet/branch where the loan account was serviced or any other office of CSL where the documents are available, as per her/his preference. iii. The timeline and place of return of original movable/immovable property documents shall be mentioned in the loan sanction letters issued on or after the effective date. iv. In order to address the contingent event of demise of the sole borrower or joint borrowers, CSL shall have a well laid out procedure for return of original movable/immovable property documents to the legal heirs. Such procedure shall be displayed on the website of CSL along with other similar policies and procedures for customer information.
2. Compensation for delay in release of movable/immovable property documents i. In case of delay in releasing of original movable/immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/ settlement of loan, CSL shall communicate to the borrower reasons for such delay. In case where the delay is attributable to CSL, it shall compensate the borrower at the rate of ₹5,000 for each day of delay. ii. In case of loss/damage to original movable/immovable property documents, either in part or in full, CSL shall assist the borrower in obtaining duplicate/certified copies of the movable/immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at clause (i) above. However, in such cases, an additional time of 30 days will be available to CSL to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days). iii. The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

3. The instructions in this section shall be applicable to all cases where release of original movable/immovable property documents falls due on or after December 01, 2023.

Loan facilities to the physically/visually challenged

1. CSL shall not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. All branches of CSL shall render all possible assistance to such persons for availing of the various business facilities.
2. CSL shall include a suitable module containing the rights of persons with disabilities guaranteed to them by the law and international conventions, in all the training programmes conducted for their employees at all levels.
3. Further, CSL shall ensure redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism already set up by them.

General provisions

1. The Company shall 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 borrowers, has come to the notice of the Company).
2. In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise, i.e. objection of the Company, 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.
3. In the matter of recovery of loans, the Company shall not resort to undue harassment viz persistently bothering the borrower at odd hours, use muscle power for recovery of loans and would operate within the legal framework. The company shall ensure that its staff is adequately trained to deal with customers in an appropriate manner.
4. CSL 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-obligant(s). In respect of loans (including term loans as well as demand loans) and advances sanctioned or renewed on or after January 1, 2026, CSL shall ensure compliance with the instructions issued vide 'Reserve Bank of India (Pre-payment Charges on Loans) Directions, 2025', dated July 02, 2025, as amended from time to time.
5. The rate of interest will be annualised rate so that the borrower is aware of the exact rates that would be charged to the account

Board of Directors Responsibility

1. The Board of Directors of CSL shall lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism shall ensure that all disputes arising out of the decisions of lending institution's functionaries are heard and disposed of at least at the next higher level.

2. The Board of Directors shall also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by it.

Grievance Redressal

1. CSL will guide customers who wish to lodge a complaint and also provide guidance on what to do in case the customer is unhappy with the outcome.
2. After examining the matter, CSL will send a response as soon as possible; CSL will also guide a customer on how to take the complaint further if the customer is not satisfied.
3. A Principal/Nodal Officer has been appointed for the redressal of grievances of the customers including the borrowers, in connection with any matter pertaining to business practices, lending decisions, credit management and recovery. The name and contact details of the Principal/Nodal officer shall be displayed on the website of CSL.
4. In case of any complaint/grievance, the borrowers may contact through any of the following channels: Name - Mr. Nikhil Singh, Nodal Officer Designation - Chief Information Security Officer; Email - info@cslfinance.in Telephone no. - 0120-4290650/52/54
5. All grievances shall be heard and disposed off by a person at least one level higher to the person / designation against / relating to whom the grievance is made. After examining the matter, it will be our endeavour to provide the borrower/applicant with our final or other response, within a period of one (1) months from receipt of such complaint / grievance.
6. If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of DNBS of RBI at: Name - Shri. G.C. Talukdar Designation - Asst. Gen. Manager Email - rdnewdelhi@rbi.org.in Telephone - 011 - 23731054
7. The Nodal Officer shall periodically review the implementation and compliance with this code including the redressal of grievances periodically and in case at least once every calendar quarter. A report to this effect shall be provided by the Nodal Officer **for perusal of the Board.**

Reserve Bank – Integrated Ombudsman Scheme, 2021

CSL shall comply with the directions provided under the Reserve Bank – Integrated Ombudsman Scheme, 2021 (RB-IOS, 2021).

Regulation of excessive interest charged by NBFCs

1. The Board of CSL shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

2. The rates of interest and the approach for gradation of risks shall also be made available on the website of CSL 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.

3. The rate of interest must be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

Complaints about excessive interest charged by NBFCs

1. Though interest rates are not regulated by the Reserve Bank, rates of interest beyond a certain level may be seen to be excessive and can neither be sustainable nor be conforming to normal financial practice.

2. Board of CSL shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. In this regard, the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view.

Force Majeure:

The various commitments outlined and made by CSL are applicable under the normal operating environment. In the event of Force Majeure, CSL will not be able to fulfill the commitments under the FPC to the entire satisfaction of the customer/s, the other stake holders and the public in general.

Note: This Fair Practice Code shall be reviewed and updated periodically to ensure compliance with all current and future RBI directions and circulars. The Code shall be prominently displayed on CSL's website and made available to all stakeholders.