Fair Practice Code

Credila Financial Services Limited

2nd Floor, AllCargo House, Kalina, CST Road, Santacruz (E),

Mumbai-400098, Maharashtra, India

Phone: 022-68276501

Email: investor.relations@credila.com

Website: http://www.credila.com

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Credila Financial Services Limited

Fair Practice Code ("Code")

Reviewing & Approving Authority

Authority Designation	Authority Designation
Prepared By	Compliance Team
Reviewed By	Chief Compliance Officer Head of Legal
Recommended By	-
Approved By	Board of Directors
Date of Approval	May 07, 2026

Version History

Version	Issue Date	Brief Description
V.1	January 15, 2007	Adoption of Policy
V.2	April 25, 2012	Amended Code in accordance with RBI circular dated March 26, 2012
V.3	March 12, 2013	Amended Code in accordance with RBI circular dated February 18, 2013
V.4	July 15, 2014	Annual Review of Code
V.5	October 19, 2020	Amended in lines with applicable regulatory requirement
V.6	October 18, 2022	Amended Code in accordance with the updated Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
V.7	May 1, 2024	Amendment in Code pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023
V.8	September 17, 2024	Amended Code in accordance with RBI Circular (s) RBI Circular – Guidelines on Digital Lending dated 2 September 2022 and RBI Circular – Key Fact Statement (KFS) for Loans and Advances dated 15 April 2024
V.9	May 16, 2025	1. Updation of review clause 2. Updated clause 5 i.e. "Penal charges in loan account "by removing point 8 under said clause.
V.10	May 07, 2026	The Policy has been updated in line with the RBI Consolidated Master Directions issued for NBFCs

Review Frequency

This Policy as approved shall be reviewed once in two years and as and when required.

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1. Fair Practices Code

In accordance with Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 dated November 28, 2025 issued by the RBI (as amended from time to time) (" RBI Master Directions") including any other applicable notifications/ circular/ directions/ guidelines/ guidance/ advisories /FAQs issued by the RBI (as amended, modified, consolidated or replaced from time to time), Non-Banking Financial Companies ("NBFCs") having customer interface are required to adopt the guidelines on Fair Practices Code (''FPC'') prescribed in the RBI Master Directions. Credila Financial Services Limited ("the Company"), being a NBFC having customer interface, has formulated and adopted this Fair Practice Code ('FPC'/'Code') for the lending business in accordance with the RBI Master Directions.

It is, and shall be, the policy of the Company to make all its financial products available to all eligible qualified applicants, without discrimination on the basis of race, caste, color, religion, sex, marital status, age or handicap. The Company's policy is to treat all customers fairly. The Company will also communicate this Code to its customers by making the Code available on its website as well as displaying it across all its branches. Further, on request, a copy of the said Code would be made available and would also be provided in respective regional languages prevalent in the state in which the Company operates.

The implementation of the FPC is the responsibility of the entire Company. The Company's fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, servicing and collection activities.

The Company's Board of Directors and management team are responsible for implementing this Code and also ensure that its practices reflect its strong commitment to all stakeholders for offering, in a fair and equitable manner, various financial services and products and that all employees are aware of this commitment.

2. Key Commitments

The key commitments which the Company agrees to follow in its dealings with its customers are:

- To act fairly and reasonably in all dealings with its customer(s) by ensuring that:

  a. Its products, services, procedures and practices will meet the commitments and standards in this Code.
  b. Its products and services will meet relevant laws and regulations as applicable.
  c. Its dealings with its customers will rest on its ethical principles of honesty, integrity and transparency.

- To assist its customers in understanding the nature of its products and services:

  a. Providing information about its products and services in a language and manner as understood its customer(s)

  b. Explaining their financial implications

- To ensure its customers have a hassle-free experience and in case of any errors of commission or omission, the Company would deal with the same quickly and sympathetically.

3. Applications for loans & their processing

1. All communications to the borrower (s) shall be in the vernacular language or a language as understood by the borrower.

2. The Company's website and loan application forms will include necessary information (about annualized rate of interest, prepayment options, fees, financial and other charges etc.) which affects the interest of the borrower(s), to ensure that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and an informed decision can be taken by borrower(s).

3. The website and loan application form will also indicate the documents required to be submitted along with the application form.

4. The Company will provide appropriate acknowledgement for receipt of loan applications. The time frame within which loan applications will be disposed of will also be indicated in the acknowledgement.

4. Loan Appraisal & Terms/Conditions

1. The Company will ensure that there is proper assessment of credit application made by the borrowers. The assessment would be in line with Company's credit policies and procedures.

2. The Company shall convey to the borrower in vernacular language as understood by the borrower regarding terms of sanction letter, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and record the acceptance of these terms and conditions by the borrower.

3. Penal charges for late repayment of loan would be expressly mentioned in bold in the loan agreement.

4. The Company will provide a copy of loan agreement as understood by the borrowers along with a copy each of all enclosures quoted in loan agreement to all borrowers at the time of sanction/disbursement of loans.

5. Penal Charges in Loan Accounts

1. Penalty, if charged, for non-compliance of material terms and conditions of loan agreement 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 interest in the loan account. Therefore, the Company may charge interest on unpaid interest (including on unpaid EMI) at the contracted rate of interest till the date of remediation, and not at the penal rate of interest.

2. The Company shall not introduce any additional component to the rate of interest and will ensure compliance to these guidelines in both letter and spirit.

3. The Company shall update the existing Board approved Interest Rate Policy on penal charges or similar charges on loans.

4. The quantum of penal charges shall be reasonable and commensurate with non-compliance of material terms and conditions of loan agreement without being discriminatory within a particular loan / product category.

5. Penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.

6. Applicable penal charges shall be communicated whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers. Further, any instance of levy of penal charges and the reason thereof shall also be communicated.

7. The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers in the loan agreement and Most Important Terms & Conditions (MITC)/ Key Fact Statement (KFS) as applicable, in addition to being displayed on Company's website.

8. Whenever reminders for non-compliance of material terms and conditions of loan are sent to

borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason thereof shall also be communicated.

9. Additional / fresh penal charges cannot be levied on the earlier outstanding amount of penal charges.
10. The Company shall follow the instructions and clarifications, if any, issued by Central Board of Indirect Taxes & Customs (CBIC) with regard to applicability of GST on penal charges.

11. The Company shall levy the penal charges in a non-discriminatory manner, such that for the same nature of default within the same product category, uniform penal charges shall be applicable to all the similarly placed borrowers, without any differentiation.

6. Disbursement of Loans including changes In Terms & Conditions

1. The Company will ensure timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanctions. The Company will give notice to the borrower(s) in the vernacular language or in a language as understood by the borrower(s) of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company will ensure that changes in interest rates and charges are effected only prospectively.

2. The decision of the Company to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.

3. The Company will release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company may have against the borrower. 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 the securities till the relevant claim is settled/paid.

7. Responsible Lending Conduct - Release of movable/immovable property documents on repayment/ settlement of personal loans

The Company adopts best practices in the release of movable/immovable property documents upon receiving full repayment and closure of loan account to avoid customer grievances and disputes. To address the issues faced by borrowers and towards promoting responsible lending, the following instructions are issued:

A. Release of movable/Immovable property documents on repayment/settlement of loans:

1. The Company will release all 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.

2. The borrower will be given the option of collecting the original movable/immovable property documents either from the Company's branch where the loan account was serviced or any other office of the Company where the documents are available, as per her/his preference.

3. 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 December 01, 2023.

4. In case of contingent event of demise of the sole borrower or joint borrowers, the original movable/immovable property documents of the sole borrower or joint borrower shall be returned to the legal heir(s) as per the duly approved procedure as displayed on the website of the Company.

B. Compensation for delay in release of movable/immovable property documents

1. 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, the Company shall communicate to the borrower reasons for such delay. In cases where the delay is attributable to the Company, compensation at the rate of ₹5,000 for each day of delay shall be provided to the borrower.

2. In case of loss/damage to original movable/immovable property documents, either in part or in full, the Company 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 para (1) above. However, in such cases, an additional time of 30 days will be available to the Company to complete the procedure and delayed period penalty will be calculated after 60 days.

3. The compensation provided under these RBI Master directions shall be without prejudice to the rights of the borrower to get any other compensation as per any applicable law.

8. Reset of Floating Interest Rate on EMI based personal loans

The Company at the time of sanction and during reset of Interest Rate shall ensure compliance with the instructions contained in paragraph 31 to 32 of Responsible Business Conduct) Directions, 2025 on Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans, as amended from time to time

The appropriate framework has been put in place in Interest Rate Policy of the Company.

9. General

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 borrower, has come to the notice of the Company).

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

3. In the matter of recovery of loans, the Company or its agents will not resort to intimidation or undue harassment viz persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. As complaints from customers also include rude behavior from the staff of the companies, the Company shall ensure that staff is adequately trained to deal with the customers in an appropriate manner.

4. The Company 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 case of existing loans sanctioned or renewed on or before December 31, 2025.

5. The Company shall adhere to the following RBI Master Directions regarding levy of pre-payment charges on all loans and advances (term loans as well as demand loans) sanctioned or renewed on or after January 1, 2026:
   A. The Company shall adhere to the following regarding levy of pre-payment charges on all floating rate loans and advances:
      i. For all loans granted for purposes other than business to individuals, with or without co-obligant(s), the Company shall not levy pre-payment charges.
      ii. For all loans granted for business purpose to individuals and MSEs as defined under

Micro, Small and Medium Enterprises Development Act, 2006, with or without co-obligant(s), the Company shall not levy any pre-payment charges on loans with sanctioned amount/ limit up to ₹50 lakh.

iii. The above clause 5(A)(i) and 5(A)(ii) 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. For dual/ special rate (combination of fixed and floating rate) loans the applicability of above clause 5(A)(i), 5(A)(ii) and 5(A)(iii) will depend on whether the loan is on floating rate at the time of prepayment.

B. In all cases other than those specified above under point 5(A)(i) and 5(A)(ii), pre-payment charges, if any, shall be as per the Company's MITC. However, in case of term loans, pre-payment charges, if levied by the Company, shall be based on the amount being prepaid. In case of cash credit/ overdraft facilities, pre-payment charges on closure of the facility before the due date shall be levied on an amount not exceeding the sanctioned limit.

C. In case of cash credit/ overdraft facilities, no pre-payment charges shall be applicable if the borrower intimates the Company of his/her/its intention not to renew the facility before the period as stipulated in the loan agreement, provided that the facility gets closed on the due date.

D. The Company shall not levy any charges where pre-payment is effected at the instance of the Company.

E. The applicability or otherwise of pre-payment charges shall be clearly disclosed in the sanction letter and loan agreement. Further, no pre-payment charges shall be levied if the same has not been disclosed.

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.

6. The Company shall comply with the instructions contained in paragraph 29 of Responsible Business Conduct Directions 2025, on Key Fact Statement for Loans & Advances, as amended from time to time.

10. Responsibility of Board of Directors

1. The Company, with the approval of its Board of Directors, has laid down Policy on Grievance Redressal Mechanism ("GRM") within the organization. Such a mechanism ensures that all disputes arising out of the decisions of the Company's functionaries are heard and disposed off at least at the next higher level.

2. The Board of Directors shall 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.

11. Grievance Redressal Mechanism

The Company has a duly adopted Policy on GRM. In accordance with the RBI Master Directions, the aforesaid GRM of the Company shall also deal with the issues relating to services provided by any outsourced agency engaged by the Company.

12. Ombudsman Scheme

Under the Ombudsman Scheme, the Company has appointed Principal Nodal Officer ("PNO") who shall be responsible for representing the Company and furnishing information in respect of complaints filed against the Company.

The Company will display prominently, for the benefit of its customers, at its branches/ places where business is transacted, the name and contact details (Telephone/ Mobile numbers andemail addresses) of the Principal Nodal Officer/Nodal Officers and the address of Centralised Receipt and Processing Centre along with the link to the RBI Ombudsman complaint lodging portal (https://cms.rbi.org.in) on its website.

The Company will prominently display the salient features of the Scheme (in English, Hindi and Vernacular language) at all its offices and branches in such a manner that a person visiting the office or branch has adequate information on the Scheme.

13. Regulation on excessive Interest Charged by the Company

Pursuant to RBI Master Directions, the Board of Directors has duly adopted interest rate model and pricing policy for determining the rate of interest to be charged on loans and advances, processing and other charges after taking into account relevant factors such as, cost of funds, margin an risk premium, etc.

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.

The rates of interest and the approach for gradation of risks shall also be made available on the website of the company. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest.

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

14. Loan Facilities to the physically/visually challenged

The Company shall not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. All branches of the Company shall render all possible assistance to such persons for availing of the various business facilities.

15. Provisions to be followed by the Company with respect to Digital Lending

The Company shall comply with the provisions of Guidelines on Reserve Bank of India (Non-Banking Financial Companies – Credit Facilities) Directions, 2025 dated November 28, 2025 issued by RBI to the extent applicable (as amended from time to time).

16. Master Direction – RBI (Credit Information Reporting) Directions, 2025

The Company shall comply with the provisions of Reserve Bank of India (Non-Banking Financial Companies – Credit Information Reporting) Directions, 2025 dated November 28, 2025 issued by RBI (as amended from time to time).

17. Force Majeure

The various commitments outlined and made by Credila are applicable under the normal operating environment. In the event of Force Majeure, Credila will not be able to fulfill the commitments under the FPC to the entire satisfaction of the customers and the other stakeholders.

18. Review of the Policy

The Fair Practice Code as approved by the Board shall be reviewed once in two years. Consequent upon any amendments in RBI Master Directions or any change in the position of the Company, necessary changes in this FPC shall be made with the approval of the Board of Directors.

Notwithstanding anything contained in this FPC, in case of any contradiction of the provision of this FPC with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this FPC.