COMPREHENSIVE CREDIT POLICY

Regulatory Basis	RBI (Non-Banking Financial Companies – Credit Facilities and Responsible Business Conduct (2025)
Approving Authority	Board of Directors
Review Frequency	At least annually and earlier where required

Regulatory Framework Alignment:

This Policy shall be read with and be subject to all applicable directions, circulars, notifications and guidelines issued by the Reserve Bank of India from time to time, including the RBI Master Directions relating to Credit Facilities, Responsible Business Conduct, Digital Lending, KYC, Income Recognition and Asset Classification, Prudential Norms, Outsourcing, Credit Information Reporting and other applicable regulatory requirements.

1. Objective and Scope of the Policy

1.1 Scope

Comero Leasing and Financials Private Limited ("the Company") operates as an RBI-registered non-deposit taking Non-Banking Financial Company (NBFC-ICC) within the Base Layer framework. This Credit Policy defines standardized procedures, risk appetites, underwriting methodologies, digital sourcing standards, and mandatory statutory compliances governing the Company's credit deployment.

1.2 Regulatory Applicability and Product Coverage

This Credit Policy shall apply to all credit facilities originated, sanctioned, disbursed, serviced and recovered by the Company and shall be implemented in accordance with the regulatory requirements applicable to an NBFC-ICC classified under the Base Layer and have customer interface.

The Company shall undertake only such lending activities and products as are approved by the Board and are permissible under applicable RBI regulations.

The specialized lending provisions relating to Digital Lending including DLG, lending against Gold and Silver Collateral, Microfinance Loans, Project Finance, Demand/Call Loans and Housing Finance shall apply to the Company to the extent the respective activities are undertaken by the Company.

Where the Company proposes to commence any new regulated lending activity, the applicable regulatory requirements shall be assessed and this Policy shall be suitably amended and approved by the Board, wherever required, before commencement of such activity.

Core Objectives:

- **Credit Standardization:** Establish an end-to-end framework for asset underwriting, ongoing credit monitoring, and structural loan recovery.
- **Risk Mitigation & Scoring:** Define quantitative risk tolerances, leverage limits, and customer selection parameters to protect asset quality.
- **2026 Regulatory Compliance:** Embed absolute adherence to the RBI's mandates regarding mandatory Two-Factor Authentication (2FA) for digital loan journeys,
- **Ethical Underwriting:** Enforce clear transparency through standardized Key Fact Statements (KFS) and secure consumer data governance.

2. Business Strategy and Operations

2.1 Revenue Model

The Company's financial model relies sustainably on:

- **Interest Income:** Accrued daily or monthly interest from our deployed retail and corporate credit portfolios.
- **Fee-Based Income:** Transparently structured administrative processing fees, service charges, and document execution fees.

All operational costs, technology stacks, compliance audits, and partner payouts must be covered by these lines of income to maintain capital adequacy ratios.

All lending activities and associated fees, charges and income shall be structured and recovered only in accordance with applicable RBI directions, the Company's Board-approved policies and the terms disclosed to borrowers in the applicable loan documentation and Key Fact Statement.

2.2 Lending Segments

The company operates through three core credit verticals:

A. Retail Lending (Micro & Consumer Credit)

Focuses on individual borrowers with short-to-medium-term credit horizons (maximum 12 months for standard retail cases):

- **Payday Loans:** Short-term digital payday/cash-flow credit.
- **Consumer Asset Purchase:** Funding for consumer durables and electronic lifestyle assets.

- **Specialized End-Use Credit:** Travel, professional skill development, higher education, and medical emergencies.

B. Corporate Lending

Structured debt facilities extended to registered corporate entities, firms, and non-individual institutions. These exposures are highly structured, require comprehensive corporate asset charging, and are subject to final Credit Committee/Board approval.

The Company shall not sanction or renew/enhance such exposure where the required LEI has not been obtained, except as permitted by RBI.

C. Loan Transfer and Acquisition:

The Company does not presently undertake transfer, assignment, novation, loan participation or acquisition of loan exposures. Accordingly, no loan exposure transfer or acquisition shall be undertaken unless specifically approved by the Board and undertaken in accordance with the applicable RBI directions and a Board-approved policy formulated for such activity.

2.3. CERSAI: Where security is created for any credit facility, the Company shall comply with applicable requirements relating to registration of security interest with CERSAI.

3. Credit Sanctioning Authority & Governance

The Company institutes a multi-tiered Credit Committee matrix to prevent credit risk concentration. No loan facility can be cleared without explicit clearance from the designated authority level.

Approval Hierarchy:
[Tier 1: Credit Officers] —► [Tier 2: Head of Credit / Risk] —► [Tier 3: Executive Credit Committee / Board]

3.1 Underwriting Obligations

Credit Officers must verify that each proposal satisfies the following conditions prior to digital or manual sign-off:

- **Verified Purpose & Legitimacy:** Clear proof of non-speculative loan utilization.
- **Repayment Capacity:** Verifiable Debt-to-Income Ratio (DTI) or Debt Service Coverage Ratio (DSCR).

The Board of Directors retains the ultimate authority to modify operational thresholds, amend loan product bounds, and review high-value corporate accounts.

Borrower Economic Profile:
Before extending any credit facility, the Company shall obtain and retain adequate information regarding the borrower's economic profile, including, at a minimum, age, occupation and income details, along with such other information as may be necessary to assess creditworthiness.

Credit Limit Enhancement:
No automatic increase in the credit limit shall be permitted. Any increase shall be made only upon receipt of an explicit request from the borrower, followed by appropriate evaluation and maintenance of records of such request and assessment

3.2 Lending to Related Parties

3.2.1 Related Party Lending Policy
The Company shall undertake lending to related parties only in accordance with this Policy, applicable RBI directions and other applicable laws. The Board shall have overall responsibility for ensuring that appropriate mechanisms are in place for implementation and monitoring of the Company's policy on lending to related parties.

The Company should maintain appropriate safeguards for identifying, assessing, sanctioning, monitoring and reporting credit facilities extended to related parties and should ensure that such lending is undertaken on an arm's-length and prudent basis.

For the purposes of this Policy, the identification of related parties and related people shall be undertaken in accordance with the definitions prescribed under the applicable RBI Directions and the Companies Act, 2013, as applicable.

The Company shall maintain and periodically update a list of related people and related parties for the purpose of credit appraisal, sanction, monitoring and reporting.

3.2.2. Lending to Specified Employees and their Relatives
The Company shall maintain specific provisions governing credit facilities extended to specified employees of the Company and their relatives. Such facilities shall be subject to the applicable materiality thresholds, approval requirements, conflict-of-interest safeguards, monitoring and reporting requirements prescribed under this Policy and applicable RBI directions.

3.2.3. Related Party Lending – Thresholds and Limits: The Company shall prescribe an overall limit for lending to related parties, along with separate limits for a single related party and a group of related parties, within the applicable prudential limits prescribed by RBI. For the Company, being an NBFC in the Base Layer, the materiality threshold for credit facilities to a related party shall not exceed **₹1 crore at the individual transaction level**. Credit facilities to

specified employees and their relatives shall also be subject to the applicable limits and approval requirements prescribed under RBI Directions and this Policy.

3.2.4. Recusal and Conflict of Interest
Any director, Key Managerial Personnel or specified employee having an interest in a credit proposal involving himself/herself or his/her related party shall recuse himself/herself from deliberations and decision-making in relation to such proposal.

Such recusal shall also apply to any subsequent material change in the terms of such credit facility, including one-time settlements, write-offs, waivers, enforcement of security, implementation of resolution plans or other material modifications.

The Company shall not structure or undertake any product, transaction, arrangement or structure with the objective or effect of circumventing the applicable RBI requirements relating to lending to related parties, including through reciprocal lending, quid pro quo arrangements or similar structures.

3.2.5. Monitoring, Reporting and Audit: The Company shall maintain and periodically update records of related parties, related people and credit facilities granted to them. Credit facilities granted to specified employees and their relatives shall be reported to the Board annually. The Internal Audit function shall review compliance with the related-party lending requirements at least quarterly, and any deviation from the Company's related-party lending policy, along with the reasons therefore, shall be reported to the to the Boar

4. Purpose of loan and Prohibited Exposures

The Company offers loans to satisfy legitimate consumer and commercial financial requirements:

- Purchase of consumer household durables and lifestyle products.
- Educational advancements, certification costs, and occupational training programs.
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- Short-term cashflow bridging or verifiable emergency funding requirements.

Absolute Prohibited Credit Uses: Under no circumstances will credit lines be authorized for speculative capital market trading, crypto-asset investments, lottery or gambling activities, or any activities violating anti-money laundering (AML) laws.

The Company shall also comply with all specific restrictions on lending prescribed under applicable RBI directions, including restrictions relating to loans against specified securities, own shares, debentures, IPO funding, gold/silver and other restricted purposes, as applicable to the relevant product.

5. Customer Selection & Eligibility Criteria

The target customer base must satisfy stringent credit verification baselines:

5.1 Eligible Profiles

- **Salaried Individuals:** Employed with registered public/private entities, government departments, or recognized multinational corporations.
- **Self-Employed Professionals & Owners:** Doctors, chartered accountants, tech consultants, and retail traders with active GST profiles or business registrations.

5.2 Mandatory Qualification Benchmarks

- **Age Profile:** Minimum age of 21 years at the time of sanction; maximum age of 60 years or retirement age at loan maturity.
- **Minimum Bureau Scoring:** Credit Bureau score (CIBIL/Experian) must cross internal product-specific thresholds (e.g., minimum 650 for secured business loans, or meeting approved algorithmic scoring alternatives for short-term retail products).
- **KYC Status:** Must clear full automated Central KYC (CKYC) registry matching or real-time Aadhaar-based DigiLocker verification.

5.3. Borrower Creditworthiness Assessment

The Company shall assess the borrower's creditworthiness before sanctioning any loan. The assessment shall consider the borrower's economic profile, including age, occupation, income, existing indebtedness, repayment obligations, credit history and such other relevant factors as may be appropriate for the product.

Information and records relied upon for credit assessment shall be maintained for audit, regulatory and internal review purposes.

6. Credit Underwriting & Digital Sourcing Process

6.1 Application Submission

Loan applications shall be sourced exclusively through secure, authenticated, and authorized channels:

- **Official Web Portal:** www.comero.in
- **Product Sourcing Portal:** www.xpressloan.in

6.2 KYC and Identity Verification Document Matrix

Every borrower profile must undergo document verification:

- **Identity & Tax Profile:** Mandatory PAN Card verification via instant NSDL API check.

- **Income Substantiation:** Form 16 or digitally verified bank statements reflecting salary or business cash flows for the preceding 3 to 6 months.
- **Address Verification:** Aadhaar XML data, DigiLocker pulling, or utility bills matched to CKYC records.

KYC and customer due diligence shall be undertaken in accordance with the applicable RBI KYC Directions and other applicable statutory requirements. No credit facility shall be sanctioned or disbursed unless the applicable KYC and customer identification requirements have been satisfactorily completed.

6.3 Credit Appraisal & Risk Categorization

The credit appraisal algorithm evaluates data inputs across four parameters:

1. **Income Stability Index:** Frequency, consistency, and source code of recurring monthly deposits.
2. **Bureau Tradeline Assessment:** Analysis of active leverage, historical repayments, default flags, and inquiry frequencies.
3. **Alternate Data Insights:** Evaluating non-traditional data markers to model credit behaviors for thin-file consumers.
4. **Debt Servicing Capacity:** Ensured via automated calculation of Fixed Obligation to Income Ratio (FOIR), capped at a maximum of 50% for standard retail applicants.

6.4 Sanction and Execution Architecture

Upon clearing the credit engine, a formal **Sanction Letter** along with a standardized **Key Fact Statement (KFS)** is digitally dispatched to the user. This document details the exact sanctioned principal, annualized interest rate, complete fee breaks, and the strict repayment amortization table.

6.5 Loan Disbursement, Servicing and Repayment

Loan disbursement shall ordinarily be made directly into the bank account of the borrower, subject to permitted regulatory exceptions and specific end-use requirements.

Loan repayment and servicing shall ordinarily be made directly into the designated bank account without routing through any third-party or LSP pool/pass-through account, except where specifically permitted under applicable RBI directions.

No LSP or other third party shall have direct or indirect control over the flow of funds between the borrower and the Company.

Any fees, charges or reimbursements payable to an LSP shall be paid directly by the Company and shall not be separately charged to or collected from the borrower by the LSP.

Cash recovery, where permitted, shall be duly accounted for and credited to the borrower's account in accordance with applicable regulatory requirements.

6.6 Cooling-Off Period for Digital Loans

For digital loans, the borrower shall be provided with an explicit option to exit the loan during the cooling-off period by paying the principal and proportionate APR without penalty.

The cooling-off period shall be determined by the Company and shall not be less than one day.

Where applicable, a reasonable one-time processing fee may be retained, provided the same is disclosed up front in the KFS. The processing fee shall not be charged over and above the principal amount of the loan.

7. Interest Rate Determination & Pricing Framework

7.1 Key Determination Variables

Interest rates are calculated via an automated matrix factoring in:

- Cost of capital and weighted average borrowing costs: The cost of capital refers to the overall cost incurred by the Company obtaining funds. Weighted average borrowing cost means the average interest cost of all borrowings, weighted according to the amount borrowed.

- **Risk premium:** The additional amount charged to compensate for the risk of lending. It may be determined based on the borrower’s credit history, loan tenure, customer segment, and the extent of digital verification.

- **Operating expenses:** The costs incurred in running the lending business, including staff salaries, technology expenses, and marketing costs.

- **Profit margin for sustainability:** The profit remained by the Company after covering its costs, ensuring that the lending business remains financially sustainable over the long term.

7.2 Strict Communication and APR Mandates

- **All-Inclusive APR:** All credit instruments must state pricing in an clear **Annual Percentage Rate (APR)** format within KFS. The APR mathematically integrates the base rate along with processing fees and documentation overheads.
- **Public Sourcing:** The current operational interest rate ranges and corresponding risk gradations are kept updated and accessible on www.comero.in.

Interest rates, fees and other charges shall be determined and disclosed in accordance with the Company's Board-approved Interest Rate Policy, Fair Practices Code, applicable KFS requirements and RBI directions, as amended from time to time.

8. Fee Disclosures, Late Fees, and Penal Charges

The Company shall ensure complete and transparent disclosure of all applicable interest, fees, charges and penal charges in the KFS and applicable loan documentation in accordance with the RBI Responsible Business Conduct Directions and other applicable regulatory requirements.

- **Processing Fees:** Fixed between 5% and 10% for short-term digital loans, and between 0.5% and 2.0% for traditional business loans.
- **Late Payment Penal Charges:** Charged purely as a non-compounding flat fee per instance of default. In strict alignment with the RBI penal mandates, penal charges are calculated separate from the core loan accounts and are **never capitalized into the principal balance**. Interest on late fees is completely barred.
- **Statutory Levies:** Stamp duties, central registration filings (CERSAI), and Goods and Services Tax (GST) are recovered transparently at actual cost.

9. Repayment Architecture & 2026 Prepayment Freedom

9.1 Standard Repayment Windows

- Repayment cycles are executed through Automated Clearing House (NACH) e-mandates, Standing Instructions (SI), or direct automated digital payment links.
- The Company should maintain its retail credit portfolios. Extensions or emergency restructuring schedules are strictly prohibited unless authorized by the Head of Risk following strict RBI restructuring directives.
- The Company shall provide borrowers with appropriate repayment information, account statements and other applicable transaction documents through registered and verified communication channels.

9.2 Absolute Prepayment Freedom

- **Zero Penalties on Floating-Rate Facilities:** Prepayment and foreclosure penalties are **completely abolished** for all floating-rate loans extended to individual borrowers across all retail and personal segments.
- Customers have the absolute right to clear part-payments or execute full early closures without incurring any penalty or administrative charge.

10. Lending Against Gold and Silver Collateral

The Company does not presently undertake lending against gold or silver collateral. The provisions of the RBI Credit Facilities Directions relating to such lending shall become applicable upon commencement of such activity.

11. Digital Lending, Customer Protection and Data Governance

The Company guarantees an equitable, secure, and technologically advanced transaction ecosystem for its borrowers.

11.1. CUSTOMER DISCLOSURES

The Company shall provide borrowers with all applicable loan disclosures, KFS, sanction letter, terms and conditions, account statements, privacy policy and other required documents through registered and verified email/SMS or other permitted digital channels.

11.2. WEBSITE DISCLOSURES

The Company's website shall maintain, at a prominent and easily accessible location, details of its digital lending products and DLAs, details of LSPs and their DLAs and activities, customer care and grievance redressal details, links to RBI CMS and Sachet Portal, privacy policies and other information required under applicable RBI directions.

11.3. GRIEVANCE REDRESSAL

The Company shall designate a nodal grievance redressal officer for digital lending-related complaints. The contact details will be prominently displayed on the Company's website, applicable LSP/DLA and in the KFS.

The borrower shall have an accessible facility to lodge complaints through the DLA and website.

Responsibility for grievance redressal shall remain with the Company notwithstanding the involvement of an LSP.

11.4. RECOVERY AGENT COMMUNICATION

Where any recovery agent, whether employed/engaged directly by the Company or engaged through a third party, is assigned to a borrower, or where there is any change in the recovery agent, the Company shall communicate the particulars of the authorized recovery agent to the borrower through SMS/email before the recovery agent contacts the borrower for recovery.

11.5. CUSTOMER DATA AND CONSENT

Customer data shall be collected by the Company and its DLAs/LSPs strictly on a need-based basis and with prior explicit consent of the borrower, supported by an appropriate audit trial.

The borrower shall be provided appropriate options to provide or deny consent for specific data use, restrict disclosure to third parties, manage data retention, revoke consent and, where applicable, request deletion/forgetting of personal data.

The purpose for collection and use of data shall be disclosed at the relevant stage of customer interaction. Personal information shall not be shared with third parties without explicit borrower consent except where required by law or regulatory requirement.

11.6. DATA STORAGE

The Company shall establish and maintain clear policies regarding the type of customer data that may be stored, retention period, permitted use, data destruction, security controls and handling of data breaches.

LSPs shall not store personal information beyond the minimum information required for their permitted operations under the LSP agreement.

Customer data shall be stored only on servers located in India, subject to applicable regulatory requirements. Where data is processed outside India in permitted circumstances, the applicable RBI requirements relating to deletion and return of such data to India shall be followed.

11.7. PRIVACY POLICY

The Company and applicable LSPs shall maintain a comprehensive privacy policy compliant with applicable law and RBI requirements. The privacy policy shall be publicly available and shall disclose relevant third parties permitted to collect personal information through the DLA, wherever applicable.

12. 2FA Digital Lending Security

The Company does not presently undertake lending through any APP. The provisions of the RBI Authentication Mechanisms for Digital Payment Transactions Directions, 2025 relating to such lending shall become applicable upon commencement of such activity.

13. Lending Service Provider ("LSP")

All LSP arrangements shall be governed by a written agreement clearly defining the respective roles, rights, responsibilities, service standards, data protection obligations, customer protection requirements, regulatory responsibilities and liability of the parties.

The Company shall remain responsible and liable for compliance with applicable statutory and regulatory requirements notwithstanding any outsourcing arrangement with an LSP.

13.1. LSP Due Diligence and Monitoring

Before onboarding any LSP for digital lending, the Company shall conduct enhanced due diligence covering the LSP's technical capability, data privacy and storage systems, fairness of conduct with borrowers, past conduct, regulatory compliance capability and other relevant risks.

The Company shall conduct periodic review of the LSP's performance and compliance with the contractual arrangement and applicable regulatory requirements.

The Company shall establish appropriate monitoring mechanisms for loan portfolios originated or serviced with the support of LSPs.

13.2. Multiple-Lender Digital Lending Arrangements

Where an LSP has arrangements with multiple lenders, the Company shall ensure that loan offers are displayed to borrowers in an unbiased and comparable manner, including the name of the lender, loan amount, tenor, APR, repayment obligation and applicable penal charges, together with access to the respective KFS.

The Company shall ensure that the LSP does not use dark patterns or other deceptive mechanisms to influence a borrower to select a particular lender.

14. Regulatory Credit Information Reporting

- The Company maintains direct data links with Credit Information Companies registered with the Reserve Bank of India.
- The Company shall report credit information to Credit Information Companies registered with the Reserve Bank of India in accordance with the Credit Information Companies (Regulation) Act, 2005, applicable rules and regulations and RBI directions issued from time to time.
- All lending undertaken through the Company's DLAs and/or DLAs of its LSPs shall be reported to CICs irrespective of the nature or tenor of the loan.
- The Company shall maintain appropriate systems and controls to ensure accuracy, completeness, timeliness and reconciliation of credit information submitted to CICs.
- The Company shall also have appropriate mechanisms for correction and resolution of borrower disputes relating to credit information.

14.1. Reporting of Digital Lending Apps to RBI

- The Company shall report all DLAs deployed or joined by it, including its own DLAs and DLAs of LSPs, on the RBI's Centralised Information Management System (CIMS) in the prescribed format.
- The Company shall update such information whenever a new DLA is deployed, or an existing DLA engagement ceases.

- The Chief Compliance Officer or such other official designated by the Board shall certify the correctness of the information submitted and compliance of the DLAs with applicable regulatory requirements.
- The Company shall ensure that DLA information disclosed on its website is consistent with the information submitted to RBI.

15. Default Loss Guarantee (DLG)

The Company does not presently enter DLG arrangements in respect of its lending portfolio. If the Company proposes to enter into any DLG arrangement in future, such arrangement shall be undertaken only after establishing a Board-approved framework and ensuring compliance with the applicable RBI requirements relating to eligibility, due diligence, contractual arrangements, permitted forms, limits, invocation, monitoring, disclosure and accounting/regulatory treatment.

16. Policy Review and Amendment Management

- This comprehensive Credit Policy is a living institutional document. It faces a structured performance review by the Board of Directors **at least once every financial year**.

Any amendment to applicable RBI directions, statutory requirements or material change in the Company's lending products, business model, risk profile or technology framework shall trigger a regulatory review of this Policy. Necessary amendments shall be placed before the appropriate authority/Board for approval in accordance with the Company's governance framework.

17. Regulatory Compliance and Exceptions

All credit facilities shall be originated, sanctioned, documented, disbursed, serviced, monitored and recovered in accordance with this Policy and applicable RBI directions and other applicable laws.

Any exception or deviation from this Policy shall be appropriately documented, justified and approved by the competent authority in accordance with the Delegation of Authority. Material or recurring deviations shall be reported to the appropriate senior management committee and/or Board.

No deviation shall be permitted where such deviation would result in non-compliance with a mandatory statutory or regulatory requirement.

Board Acceptance and Approval Sign-off

Ratified, signed, and integrated into the operational core by the Board of Directors of Sashi Enterprises Limited.