POLICY ON PENAL CHARGES

Version - V1.2

Pursuant to the RBI (NBFC - Responsible Business Conduct) Directions, 2025
(as amended from time to time)

Kaleidofin Capital Private Limited	
Policy	**Policy on Penal Charges**
Date of original issue	**06-Jun-2025**
Classification	**Compliance**
Date of last approval by the Board	**29-Jun-2026**

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KALEIDOFIN CAPITAL PRIVATE LIMITED
CHENNAI

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Policy on Penal Charges - V1.2

1. Introduction

Pursuant to the RBI (NBFC - Responsible Business Conduct) Directions, 2025 (as amended from time to time) all Regulated Entities (REs) must ensure that penal charges are disclosed with transparency and fairness, necessitating the formulation of a Board-approved policy for the imposition of such charges.

2. Purpose

The intent of levying penal charges is essentially to inculcate a sense of credit discipline and such charges are not meant to be used as a revenue enhancement tool over and above the contracted rate of interest.

3. Applicability & Timelines for Implementation

The policy penal charges shall be applicable to all loan product (except structured obligations like Pass Through Certificates and Direct Assignments) offerings of Kaleidofin Capital Private Limited (The Company).

The instructions mentioned in the RBI circular shall come into effect from April 1, 2024. In the case of existing loans, the switchover to new penal charges regime shall be ensured on the next review/ renewal date falling on or after April 1, 2024, but not later than June 30, 2024.

3.1 Penal Charges: Policy terms

1. Penal interest is not levied by the Company
2. Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower is treated as 'penal charges' and is not levied in the form of 'penal interest that is added to the rate of interest charged on the advances.
3. There is no capitalisation of penal charges i.e., no further interest computed on such charges. However, this does not affect the normal procedures for compounding of interest in the loan account. No additional component is added to the rate of interest to ensure compliance to these guidelines in both letter and spirit.
4. The quantum and reason for penal charges is clearly disclosed by the Company to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on Company website under Interest rates and Service Charges.
5. Reminders/ letters for non-compliance of material terms and conditions of loan sent to borrowers mention the applicable penal charges.

3.2 Applicable Penal Charges

1. Penal Charges (defined below): In line with the product specifications on principle overdue amounts (Plus applicable taxes) for the prorate tenor of days in default.

   "Penal Charges" means the charges payable by the borrower in the event of borrower's failure to comply with any of the terms of sanction of the Facility or failure to pay the EMIs accruing due to the Lender, as per the Financing Documents.

2. Bounce Charges: In line with the product specifications for each instance of bounce. "Bounce Charges" means the amount payable by the borrower to the Lender as a penalty where the Payment instrument issued by the borrower is not honored by the issuing banks.

3. Late Payment Collection Charges: In line with the product specifications after 3 days of due date for initiating collection proceedings.

4. Foreclosure Charges: In line with the product specifications.

4. Effective date:

These instructions shall come into effect from April 1, 2024. The instructions as stated in the policy shall be implemented in all the fresh loans availed/ renewed from the effective date. In the case of existing loans, the switchover to new penal charges regime shall be ensured on the next review/ renewal date falling on or after April 1, 2024, but not later than June 30, 2024

5. Review:

The Penal charges policy shall be subject to review by the Board of Directors periodically as per requirement.

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MODIFICATION TRACKER

Version	Date	Reviewed by	Approved by	Remarks
1.0	05-Sept-2023	Charudutta, CBO	Board	Creation
1.1	06-Jun-2025	Vipul Sekhsaria	Board	Revision
1.2	29-Jun-2026	Deepak Srinivas, CRO	Board	Annual review

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