

Penal Charges Policy

Approval Authority	Board
Owner of the Policy	LAP Business
Reviewed by	ALCO & Board
Review Frequency	Annual
Policy Approval Date	July' 24
Last Review Done	17 th Jan' 25 by Board
Current Review Done	30 th Dec' 25 by Board

PREAMBLE

- As an entity regulated by the Reserve Bank of India, the company is governed by the various regulations issued by RBI from time to time.
- This policy is based on the circular issued by RBI in regard to Penal Charges levied by NBFCs and as amended from time to time. Pursuant to the provisions of the circular, the Board of Directors of every NBFC shall adopt a policy on Penal Charges or similar charges on loans, by whatever name called.
- This Policy shall be read with Fair Practice Code of the Company.

BOARD APPROVAL

- This Policy is approved by the BOD and any change herein shall require prior Board approval.

POLICY ON PENAL CHARGES

- Penalty 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 capitalization of penal charges i.e., no further interest computed on such charges.
- 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.
- The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.
- 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 therefor shall also be communicated.

Schedule of Penal Charges

Product	LAS- Non Promoter	LAS- Promoter	ESOP	Unsecured	Real Estate	LAP	Other Products
Cheque Bounce / dishonor / E Nach bounce	Rs. 500 per instance	Rs. 5000 per instance	Rs. 750 per instance	Rs. 500 per instance			
Non-Creation of Security for the loan*	9% p.a.	6% p.a.	9% p.a.	NA	6% p.a.	6% p.a.	9% p.a.
Default in payment of Interest*	9% p.a.	6% p.a.	9% p.a.	9% p.a.	18% p.a.	24% p.a	9% p.a.
Default in repayment of loan principal*	9% p.a.	6% p.a.	9% p.a.	9% p.a.	18% p.a.	24% p.a	9% p.a.
Breach of other material terms and conditions of the loan or noncompliance of sanction conditions and post disbursement documents*	2% p.a.	2% p.a.	2% p.a.				
Loan Cancellation post disbursement						Rs. 25,000/-	

Note – Applicable taxes will be added to the above charges.

**Penal Charges will be levied only for the number of days the default continues.*

INDEX OF THE REVIEW OF THE POLICY:

Sr. No.	Date of the Review
1	18th July' 2024
2	17th Jan' 2025
3	30th Dec' 2025