Penal Charges Policy

The Company may collect a penalty for non-compliance of material terms and conditions of loan contract by the borrower only by way of penal charges and the same shall not be collected as penal interest that is added to the rate of interest charged on the loan amount. Further, late payment fees may be levied on a borrower who fails to make loan due payment by the due date or there is a bounce instance received from the registered bank account for auto debits.

The penal charges shall not be capitalized by the Company 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.

The Company shall also not introduce any additional component to the rate of interest charged to the borrower and shall ensure compliance with the above.

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 Company shall not, under any circumstances, levy higher penal charges to individual borrowers, who have availed the loan for purposes other than business, than non-individual borrowers for similar non-compliance of material terms and conditions.

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/Key Fact Statement (KFS) provided to them (pursuant to RBI Guidelines on Digital Lending dated September 02, 2022 and RBI Circular dated April 15, 2024 on Key Fact Statements for Loans and Advances) and the loan agreement. The same shall be displayed on websites of NBFCs under Interest rates and Service Charges.

Further, whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the Company will communicate the penal charges associated with the same to the Borrower. Any instance of levy of penal charges by the Company shall be communicated to the borrower along with the reason thereof.

As a deterrent against intentional delinquency and to encourage prompt and timely repayment of instalments, the Loan Agreement provides for penal charges of upto 6% over and above the normal rate of interest. In deserving cases, such charges or interest are settled at much lower rates or waived as per the Authorization Matrix.

Processing /Documentation and Other Charges

The Company generally charges a fee on the loan amount depending on the category of loan and risk associated in the form of processing fees/ non-refundable upfront fee. These charges would be decided or revised by the credit committee at product level.

All such charges will be disclosed clearly in the loan documentation with the borrower, including in the key facts statement (provided pursuant to RBI Guidelines on Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025).

The schedule of charges is updated in website and/or email and/or other communication shared to the customers. These could vary based on the asset financed, exposure limit, expenses incurred, customer segment and represent the costs incurred in rendering effective services to the customers. The base charges, Goods & Service Tax and other Cess would be collected at applicable rates from time to time. Any revision would be from prospective effect.

Any fees, charges, etc. which are not mentioned in the Key Fact Statement, will not be charged by to the borrower at any stage during the term of the loan, without explicit consent of the borrower.

Key Facts Statement (KFS) is a statement of key facts of a loan agreement, in simple and easier to understand language, provided to the borrower in a standardised format.

The Company shall also ensure that changes in interest rates and charges are affected only prospectively and this should be duly recorded in the loan agreement/ terms and conditions of financing. In case deemed fit, the company may consider necessary moratorium for interest payment and repayment of principal with proper built-in pricing.

No claims for refund or waiver of such charges/penal interest/additional interest would normally be entertained by the company and it is the sole discretion of the company to deal with such requests if any.

In case of discrepancies between this policy and the Loan Agreement, the Loan Agreement will supersede this policy. The Directions issued by the Reserve Bank of India would naturally bear a superseding effect on this policy.