



Penal charges policy

RBI in its circular RBI/2023-24/53/ DoR.MCS.REC.28/01.01.001/2023-24 dated August 18, 2023, has mandated to formulate a policy on penal charges or similar charges on loans.

Accordingly, the following guidelines shall be followed:

- Penalty shall be charged for non-compliance of material terms and conditions of the loan contract by the borrower.
- The penalty charges shall be applicable for all the loan products offered by the Company.
- The penalty so charged for non-compliances detailed in Annexure 1 shall be treated as 'penal charges'. The quantum of such penal charges shall be commensurate with non-compliance of material terms and conditions of the loan without discriminating between any particular loan / product category.
- Such penalty shall not be levied in the form of 'penal interest' that is added to the rate of interest charged. No additional component to the rate of interest shall be charged.
- There shall be no capitalisation of such charges viz. no further interest computed on such charges.
- The penal charges for individual borrowers for purposes other than business shall not be higher than penal charges applicable to non-individual borrowers for similar non-compliance.
- The quantum of penal charges shall be disclosed in the Most Important Terms and Conditions (MITC) / Key Fact Statement (KFS) as applicable.
- The quantum of penal charges shall be disclosed on the website under Interest and Service Charges apart from the above disclosure.
- The applicable penal charges will be mentioned in the reminders sent to customers for non-compliance of material terms and conditions.

Events that are considered as non-compliance along with the quantum of penal charges that shall be levied are detailed in Annexure 1.

The penal charges shall be applicable to all new loans from April 01, 2024. The switch over to new penal charges regime for the existing loans shall be ensured on the next review or renewal date falling on or after April 01, 2024, but not later than June 30, 2024.

The quantum of the charges as mentioned above will be decided by the management from time to time. The same will be disclosed on the Company's website.



Annexure 1

Sr. No.	Events of non-compliance	Charges	Quantum	
1	ECS return / auto debit return / NACH bounce / Cheque return	ECS return / auto debit return / NACH bounce charges/ Cheque return charges	Rs. 500 + GST per instance upto 2 instances per month Rs. 1000 + GST per instance for more than 2 instances per month	
2	Swapping mandate to cheque in place of ECS / Auto debit / NACH	Swapping charges	Rs.500/- + GST	
3	Non PDC/Non Mandate Collection for PEMI/EMI where SHFL has to follow up for payments	Non mandate collection charges	Rs.300/- + GST	
4	Where cash is being paid by the borrower in place of cheques / ECS / Auto debit /NACH	Cash handling charges	Amount of remittance	Applicable charges per receipt
			Upto Rs. 2000/-	NIL
			Rs. 2001 to Rs. 10000	Rs. 30 + GST
			Rs. 10001 to Rs. 50000	Rs. 60 + GST
			Rs. 50001 to Rs. 100000	Rs. 150 + GST
			Rs. 100001 to Rs. 199000	Rs. 200 + GST
5	Default in payment of EMI / PEMI or any other amounts payable in respect of the loan remaining unpaid or fully not paid on the respective due dates	Delayed payment charges	Penal charges at a rate plus applicable taxes on the EMIs, PEMIs amount delayed, maximum upto 24% p.a. Such penal charges will not be compounded	



6	Failure of creation of security on the immovable property in favour of the Company	Security charges creation	<p>In respect of purchase of properties:</p> <p>Non-receipt of sale deed within 45 days from the date of registration of the property will attract penal charges at the rate of 1% p.a. on outstanding liability from the due date for receipt of title deeds till the actual receipt of title/sale deed.</p> <p>In case of take over cases:</p> <p>If the registered title deeds are not submitted by the borrower within 30 days, penal charges of 2% p.a. on the outstanding liability from the due date for receipt of the original documents till the actual receipt of the original documents will be charged.</p> <p>In case of Vendor takeover:</p> <p>If the title deeds are not registered and not submitted by the borrower within 45 days, penal charges of 2% p.a. on the outstanding liability from the due date for receipt of the original documents till the actual receipt of the original documents will be charged.</p> <p>The above mentioned charges will not be compounded.</p>
7	Failure for non-collecting the security documents on closure of the loan	Custodial charges	Rs. 1,000/- per month + GST (if applicable) for the period beyond 45 days from the date of closure of the loan till the date the original documents are collected by the borrower.

Authority to waive:

1. Custodial charges - Zonal heads
2. All others except above - Chief Operating Officer