

Penal Charges Policy

- Regulatory background : Reference to RBI circular DoR.MCS.REC.61/01.01.001/2023-24 dated December 29, 2023 on Fair Lending Practice - Penal Charges in Loan Accounts for Implementation of Instructions issued by the Reserve Bank of India (RBI), updated from time to time, requires every Non-Banking Financial Company to.
- Board Approval : This policy is approved by the Board of Directors and any change herein shall require prior Board approval.
- Definitions and relevant references : Reference is drawn to the NBFC Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and any other relevant rules, guidelines or/and requirements specified by the Reserve Bank of India, in context of the relevant definitions of the terms mentioned hereunder.
- Requirements : It shall be ensured that the Penal charges are as per guidelines mentioned hereunder.

Penal charges

Policy will be applicable for all Inter corporate deposits given from 15th June 24. In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date.

Penal charges for the purpose of this Policy represents charges over and above normal interest rates/fees, levied for default by the borrower in complying with the terms on which loan facilities were sanctioned. The term 'default' covers delays in repayment of loan, irregularity in the conduct of the account or noncompliance with material terms of the contract.

The quantum and reason for penal charges as documented in this policy shall be clearly disclosed to the customers in the loan agreement and sanction letter, as applicable, in addition to being displayed on KOMAF website under Fees & Charges. Any change in the Policy (on account of change in regulation or otherwise) will be communicated to the borrower and the same will be applicable from the date of issue of such revised policy.

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.

The applicable Penal charges should be clearly stated in bold in the Sanction letter of the client.

On case-to-case basis, genuine difficulties of customers which led to such delay in payment / irregularity should be considered with regard to levy of penal charges and waiver to be granted on case to case basis..



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Penal charges are levied primarily to act as deterrent against breach of terms of facility and on account of enhanced credit risk experienced & incremental credit / operating costs incurred.

Penal charges will be levied for the number of days for which the amount has been paid late and / or the breach in covenant is cured at 9% p.a on the unpaid amount (calculated from due date till date of payment) will be payable.

There shall be no capitalization of Penal Charges i.e., no further interest computed on such charges.

These policy will be reviewed and approved by the Board as and when required.