1. **Penal Charges for the various types of non-compliances terms & conditions of sanction of credit facilities (Applicable w.e.f. 01.01.2026)**

S. No	Nature of Non compliance	Penal Charges Rates
1.1	Irregularity in Cash Credit/ Overdraft/ Term Loan/Demand Loan Account	a. Irregularity upto 60 Days: **2.40%** per annum **on the irregular portion for the period of irregularity.** b. Continuous irregular for a period beyond 60 days: **5%** per annum **on the irregular portion for the period of irregularity.** For Microfinance Loans, penalty, if any, for delayed payment shall be applied on the overdue amount and not on the entire loan amount.
1.2	Non-submission of Stock Statements on time	**For the first 15 days of delay beyond due date: Rs 5000/-** **Delay > 15 days: 0.50% p.a. Minimum Rs 5000/-** (Stock Statement not submitted within 20 days of the succeeding month to be treated as non-submission except where period is extended/ specified by the sanctioning authority or in the scheme. To be calculated on the Sanctioned Limit for the period of default/ delay).
1.3	Non-submission of renewal data including Audited Balance Sheet	**For the first 15 days of delay beyond due date: Rs 5000/-** **Delay > 15 days: 0.50% p.a. Minimum Rs 5000/-** (Non-submission of Renewal Data 30 days before the due date for renewal of limits. To be calculated on the Sanctioned Limit for the period of default/ delay).
1.4	Non completion of perfection of security within the stipulated timelines (including extended timelines permitted by the competent authority	**For the first 15 days of delay beyond due date: Rs 5000/-** **Delay > 15 days: 0.50% p.a. Minimum Rs 5000/-** (Penalty to be levied from the next day of the expiry of the stipulated/ extended time period approved for perfection of security till the security is perfected. To be calculated on the Sanctioned Limit for the period of default/ delay).
1.5	Non-renewal / Expired ECR	**For the first 15 days of delay beyond due date: Rs 5000/-** **Delay > 15 days: 0.50% p.a. Minimum Rs 5000/-** (Exemption: Autonomous body promoted by Central Government / Central PSUs (Maharatna/ Navratna/ Miniratna)/ SPVs promoted by Central PSUs (Maharatna/ Navratna/ Miniratna)/ PSUs guaranteed by Central Government/ State Government Institutions/ State PSUs guaranteed by State

<table>
<tr><th>S. No</th><th>Nature of Non compliance</th><th>Penal Charges Rates</th></tr>
<tr><td></td><td></td><td>Government. To be calculated on the Sanctioned Limit for the period of default/ delay).</td></tr>
<tr><td>1.6</td><td>Non-submission/ delayed submission of FFRs on due date</td><td>For the first 15 days of delay beyond due date: Rs 5000/-
Delay > 15 days: 0.50% p.a. Minimum Rs 5000/-
(For AA & better rated borrowers: Nil for delay upto 30 days, if delay is beyond 30 days, penal charges will be levied as stipulated. To be calculated on the Sanctioned Limit for the period of default/ delay).</td></tr>
<tr><td>1.7</td><td>Non-renewal of insurance policy in a timely manner or inadequate insurance cover</td><td>For the first 15 days of delay beyond due date: Rs 5000/-
Delay > 15 days: 0.50% p.a. Minimum Rs 5000/-
(To be calculated on the Sanctioned Limit for the period of default/ delay)</td></tr>
<tr><td>1.8</td><td>Breach of Financial Covenants (Other than NBFCs) for term loans</td><td>Penal charges will be applicable for all Term Loans above Rs 50.00 Crore. Sanctioning authority may also stipulate financial covenants for term loans upto Rs 50.00 Cr as per the table.
The penal charges for non-compliance shall be as under:
<table>
<tr><th>Parameters</th><th>Benchmark for annual testing of financial covenants</th><th>Deviation from stipulated Benchmark of Financial Covenants (%)</th><th>Charges</th></tr>
<tr><td>DSCR
Interest Coverage Ratio
FACR
Debt/EBIDTA
Any other financial covenant considered relevant / agreed with the Borrower.</td><td>To be mentioned as per sanction note.
(It will be mandatory for all term loans above Rs 50.00 Crore. For term loans upto Rs 50.00 Cr, sanctioning authority can stipulate financial covenants on case to case basis.)</td><td>i) Upto 10 % i.e. any/ all covenants subject to DSCR not being lower than 1.00
ii) More than 10 %
iii) Upto 10% but DSCR falling below 1.00</td><td>NIL
1.00% p.a.
1.00% p.a.</td></tr>
</table>
Other Guidelines:
i. The covenants are required to be tested annually on the basis of Audited Balance Sheet (ABS) till term loans are closed.
ii. Penal Charges would be charged retrospectively from the date of Audited Balance Sheet based on which, covenants have been tested, for the period of breach.</td></tr>
</table>

<table>
<tr><th>S. No</th><th>Nature of Non compliance</th><th>Penal Charges Rates</th></tr>
<tr><td>1.9</td><td>Breach of Financial Covenants in case of NBFCs</td><td>Covenants (in relation to the undernoted parameters i.e., CRAR, Tier 1 ratio, Gross NPA%, Net NPA %, Asset Coverage Ratio, TOL/NOF, Liquid assets/Total loan assets) stipulated in all loan exposures to be tested at annually on the basis of last Audited Balance Sheet (ABS). The penal charges, if applicable, will apply from the day after the date of ABS and shall continue till the breach is cured. Penal charge to a maximum of 1% will be charged in case of breach in any of the following parameters, detailed below:
<table>
<tr><th>S. No.</th><th>Parameters</th><th>Prescribed level of financial covenants</th><th>Benchmark testing of ratios</th><th>Penal charge for adverse deviation</th></tr>
<tr><td>a.</td><td>CRAR</td><td>• Cent. PSU & PSUs promoted by Cent. PSU: 16%*
• AA family & above:17%
• State PSU & PSUs promoted by State PSU: 17%
• Others :20%</td><td rowspan="3">Below the prescribed level or 10% below the stipulated level by sanctioning authority.</td><td rowspan="3">1% p.a.</td></tr>
<tr><td>b.</td><td>Tier 1 Ratio</td><td>12% (14% for gold finance company)</td></tr>
<tr><td>c.</td><td>Gross NPA %</td><td>5%</td></tr>
<tr><td>d.</td><td>Net NPA%</td><td>4% for NBFC Gold finance company & HFC and 2% for other NBFCs</td><td rowspan="4">Adverse deviation of 10% or more</td><td rowspan="4">1% p.a.</td></tr>
<tr><td>e.</td><td>TOL/NOF</td><td rowspan="4">As stipulated by Operating Units/ Sanctioning Authority</td></tr>
<tr><td>f.</td><td>Liquid Asset /Loan Asset</td></tr>
<tr><td>g.</td><td>Asset Coverage Ratio</td></tr>
<tr><td>h.</td><td>Any Other</td></tr>
</table>
** In addition of the above covenants, sanctioning authority may stipulate other financial covenants, and any other covenant considered relevant/agreed with the Borrower.

Any change, in the NBFC Policy prescription will be considered for recovery of penal charges from the date of effect of changes in NBFC Policy.</td></tr>
<tr><td>1.10</td><td>Cross Default (Default by the borrower, in payment of interest/ installment/ interest to our bank/ other banks)</td><td>1.20% p.a
(On outstanding of our Bank if irregularity with other Bank is not regularized within the period of 30 days.)

Penal Charges will be levied if any of the credit facilities of our borrower is in default with other Banks, AIFI or NBFC.</td></tr>
<tr><td>1.11</td><td>Diversion of Funds (Breach of Covenant)</td><td>2.20 % p.a.
(on the outstanding amount, till such time the position is rectified in case of Diversion of Funds.)</td></tr>
</table>

S. No	Nature of Non compliance	Penal Charges Rates
1.12	EPC (Rupee) Advance where exports do not materialize	2.20% p.a. over existing cash credit rate (On the portion of outstanding where export has not materialized.) Penal charges of 2.20% will be waived in respect of non-materialisation of exports to USA with the approval of DGM of Branch/B&O. This stipulation will be valid for 6 months.
1.13	Commitment Charges- For exposure greater than Rs. 50.00 Crore & upto Rs 150.00 Cr (Both FB & NFB exposure from our Bank)	**<u>For Fund Based exposure from our Bank:</u>** i. If the average utilization is more than 60%: No charges ii. If the average utilization is between 50-60%: 0.20% p.a. to be recovered on entire unutilized portion on a quarterly basis. iii. If the average utilization is less than 50%: 0.50 % p.a. on entire unutilized portion on a quarterly basis. **<u>For Non- Fund Based exposure from our Bank:</u>** If average utilization is less than 60%: 0.25% p.a. to be charged on unutilized portion on a quarterly basis
1.14	Commitment Charges- For exposure greater than 150 Crore (Both FB & NFB exposure from our Bank)	Commitment charges (applicable if average utilization is less than 60%) are linked to ECR of the Borrower and shall be recovered on Average undrawn Fund Based and Non-Fund Based limits on quarterly basis, as under: i. AAA/ Central & State PSUs/ Navratnas: NIL ii. AA: 0.15% p.a. iii. A: 0.20% p.a. iv. BBB & Un-rated: 0.40% p.a. v. BB & below: 0.50% p.a. **Other Guidelines for Commitment Charges: (Common for S.NO. 1.13 & 1.14)** i. Commitment charges shall be reckoned from the date of limits (new/enhanced/renewal made) available in CBS. ii. Commitment charges shall be levied on the unutilized / unavailed sanctioned working capital limits / Short Term limit for working capital purposes, including WCDL in respect of borrowers with sanctioned limits (FB, NFB or combination) of above Rs. 50 crores from our Bank.

S. No	Nature of Non compliance	Penal Charges Rates
		iii. Limits to Sick/Weak Units, Export Credit, Purchase/Discounting of Bills against Bills for Collection, Commercial Banks/FIs (Except NBFC)/ Co-Op Banks/ LDBs, Pre-approved Lines of Credit, AAA/Central and State PSUs are exempted from commitment charges. iv. At the time of closure of accounts, the commitment charges to be recovered on a proportionate basis. v. In cases where Bank prescribes additional terms and conditions after sanction and before availment and if the borrower is unable to comply with the same resulting in non-availment of the sanctioned limit, commitment charge need not be collected in those cases. vi. Unutilized portion in case of industries financed under monthly cash budget, peak/non-peak limit should be arrived at with reference to average utilization during the month and the monthly operative limit.
1.15	Charges on pre-payment / Pre-Closure of credit facilities	i. Pre-payment charges (on Term Loan/Demand Loan* Facility): 2.00% of the pre-paid amount. ii. Pre-Closure charges (on Fund Based Facilities except Term Loan/Demand Loan*): 2.00% of the 'Outstanding Amount' being taken over. * Demand Loan does not include Working Capital Loan under Fund based Working Capital. iii. However, no prepayment/pre-closure charges are to be levied in the following cases: a. Micro, Small & Medium Enterprise (MSME) Borrower b. Floating rate term loan (non-business) sanctioned to Individual Borrower. c. Microfinance Loans (Except Loans to NBFC-MFIs). d. Where the loans are prepaid by the borrowers from internal cash accruals/equity infusion. e. In the instances where the Bank has strategically decided to exit from the exposure on account of size of irregularity, possibility of default in future or any other technical or other specific reasons.

S. No	Nature of Non compliance	Penal Charges Rates
		f. In case payment has been made out of cash sweep/ Insurance proceeds g. Payment at the instance of lenders. h. In case of floating rate loan to Individual (non-business), Pre-payment charges shall not be levied irrespective of the source of fund used for Pre-payment of loan either in part or in full and without any locking period. iv. In case of cash credit/ overdraft facilities, Pre-payment charges shall be levied on an amount not exceeding the sanctioned limit if it is closed before due date. (for all category of borrowers) v. In case of cash credit/ overdraft facilities, no Pre-payment charges shall be applicable if the borrower intimates the Bank of his/ her/ its intention not to renew the facility before the period as stipulated in the loan agreement, provided that the facility gets closed on the due date. (for all category of borrowers) vi. Bank shall not levy any charges/ fees retrospectively at the time of Pre-payment of loans, which were waived off earlier by the Bank. (for all category of borrowers) vii. Pre-payment charges is to be applied only on the amount prepaid not on the entire outstanding. viii. In case of dual/ special rate (combination of fixed and floating rate) penal charge will depend on whether the loan is on floating or fixed rate at the time of pre-payment as under a. Pre-payment Charges will not be levied if the rate at the time of Pre-payment of loan is floating. b. However, in case of dual/ special rate (combination of fixed and floating rate) Pre-payment Charges will be levied if the rate at the time of Pre-payment is fixed
1.16	Term Loans: Delayed Drawdown (Irrespective of	0.60% p.a. (for delayed drawdown beyond 2 months from the due date on the amount due for disbursement as per disbursement schedule but not disbursed, for the period of delay.)

S. No	Nature of Non compliance	Penal Charges Rates
	whether having WC limits or not)	Disbursements shall be made as per the drawdown schedule given by the Borrower at the time of documentation. However, the borrower shall have the option to modify/revise the Drawdown schedule for any ensuing quarter, minimum 15 days prior to commencement of the Quarter to which it relates, in respect of Project Term Loans subject to the conditions that there will not be any deferment of DCCO and agreed repayment schedule. Moreover, the request of modification of revision in drawdown should be on reasonable ground attributed to external factors i.e. delay in environmental clearance, NOC from Pollution Control Board, obtention of statutory licenses as required for the activity and obtention of all the remaining statutory /non-statutory clearances/ approvals for the project
1.17	Any other breaches/ non-compliance in terms of sanctions.	1% p.a. on the outstanding balance of credit facilities of borrower for the default period. **Illustrative list:** i. Non-renewal of LEI certificate, Exporter Importer code (IEC), Udhyam certificate etc. ii. Non submission of quarterly declaration (viz. end-use certificate, unrelated investment declaration etc.) iii. Non routing of sales in proportion to our share in consortium/MBA iv. Maintaining current account with other bank v. Non submission of shipping bills/bill of entry etc. within the stipulated timeline. vi. Non-infusion of capital/equity as per the sanctioned terms and conditions. vii. Any other non-compliances as agreed upon through terms and conditions letter

2. Note:

2.1. Penal charges will be applied on a monthly basis and calculated for the actual period of non-compliance.

2.2. GST is not applicable for all type of Penal Charges except pre-payment/foreclosure and commitment charges.

2.3. Penal charges shall not exceed 5% per annum of the Sanctioned Limit/ outstanding balance of credit facilities of borrower (whichever is higher), irrespective of the number of non-compliance instances.