

NOTICE TO BORROWERS

Fair Lending Practice- Penal Charges in Loan Accounts (wef April 01, 2024)

(In compliance with RBI guidelines issued on August 18, 2023 and subsequently on December 29, 2023 and January 15, 2024)

Pursuant to the Reserve Bank of India Guidelines, any penalty charged in case of default in repayment of principal and/or interest within due date and/or for non-compliance of material terms and conditions of the loan contract by the borrower will be treated as ‘**penal charges**’ and will not be levied in the form of compounding of interest on the loan accounts. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. The penal charges are to be paid with applicable GST.

In view of the said guidelines, this is to notify all Borrowers that the penal charges, if any, levied in the loan account in case of default in repayment of principal and/or interest within due date and/or for non-compliance of any material terms and conditions of loan contract has to be paid by the borrower/ realised from borrower, within 7 days from the date of its levy in the account to avoid any further action and will be part of the total liability of the borrower to the Bank.

The details of various penal charges to be levied in loan accounts of Corporate Borrowers is as follows:

Terms & conditions	Penal Charges/ Rate (wef 01.04.2024)
Delay in submission of UFCE (Specifically for borrowers with banking exposure of Rs.50 crore and above.)	0.20% for the quarter
Delay in balance confirmation	1% on daily average outstanding (o/s balance) as on March 31 every year till submission.
Delay in submission of annual report	5000/- or upto 25 BPS over and above the FB rate, whichever is higher.
Delay in submission of due diligence report	0.25% on daily average outstanding (o/s balance) for the period till submission/ rectification.
Delay in submission of Revival Letter	2% on daily average outstanding (o/s balance) for FB and outstanding for NFB for default period till submission.
Delay in security creation/perfection	For FB: Additional 1% per annum on daily average outstanding (o/s balance) of FB limit from the due date till perfection of such security. For NFB limits: 20% additional commission over and above the stipulated/ existing pricing till the compliance of the same.
Delay in submission of external rating report (Specifically borrowers having exposure >= Rs.25 cr from IDBI Bank or >=	Additional 1% per annum for eligible accounts which are externally unrated till borrower submits the valid rating.

Rs.50 cr from banking system.)	
Non-renewal of insurance policy or inadequate insurance cover	Flat Rs.200/- for each day of delay beyond due date.
Delay in submission of review/ renewal documents	Maximum 2% of sanction/ renewed/ reviewed limits.
Non-compliance of sanction terms and conditions	Maximum 2% on daily average outstanding (o/s balance) for the period till complied.
Delay in submission of stock and receivable audit report. (Specifically borrowers with limit of Rs.5 crore and above and or as per Stock & Receivable Audit Policy.)	Maximum 2% on daily average outstanding (o/s balance) for the period till submission.
EOD Trigger	1% on daily average outstanding (o/s balance) for the default period till compliance.
Non updation of CERSAI	Flat Rs.1000/- for each day of delay beyond due date.

Please note:

- All GST and taxes will be applied over and above these service charges.
- Any deviation upwards or downwards from these rates will be at the discretion of the bank.
- Non-compliance of above terms and conditions within the timelines, penal charges may be levied into the account.
- All the charges are exclusive of applicable taxes from time to time.
- These service charges are subject to changes as per bank's policy from time to time.
- In addition, any other out of pocket expenses incurred by the Bank will be recovered at actual.
- All other contracted terms shall remain unchanged.