

VINAYANA INVESTMENT AND FINANCE LIMITED

Policy on Penal and other Charges on loan account

RBI issued guidelines on Fair Lending Practice - Penal Charges in Loan Accounts. As per these guidelines, Regulated Entities (REs) have to formulate Board approved policy for levy of penal charges, accordingly 'Policy of Penal charges' has been formulated by **Vinayana Investment and Finance Limited** ("The Company"), an RBI registered NBFC.

Objective of the Policy:

The objective of levying penal charges is essentially to inculcate a sense of credit discipline and to ensure transparency in the disclosure of penal charges. The penal charges will be levied for the nonpayment of the installments on the due dates or delay in payment after the due dates. Penal charges is not a revenue enhancement tool but a deterrent against delayed repayment.

I. Penal Charges:

In the event, any amount due and payable by the Borrower or the Guarantor to the Company remains unpaid, the Company shall be entitled to penal charges/ interest at the applicable rates as mentioned in this policy for such amount ("**Penal Charges**") for such default.

Clear Communication with borrowers

The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers in the loan agreement, sanction letter and Key Fact Statement (KFS), in addition to being displayed on the Company's website (Schedule of Charges).

Principles for determining Penal Charges

- Penal charges will be applicable on the overdue instalment (Principal + Interest) amount.
- Differential penal charges may be levied by the Company on different loan products.
- Such charges will accrue on a daily basis for daily collection loans for the no. of days of delayed payment until the date of payment.
- Penal charges shall be over and above the agreed rate of interest on which loan was disbursed to the borrower.
- Such penal charges will be exclusive of any applicable taxes, and such taxes shall be borne by the borrower.

Penal Charges

In case of default, following Penal Charges based on the status of the loan account during or after the loan tenure shall be applicable to the borrower;

A. Penal Charges on the loan accounts

Penal charges shall be levied on the basis of following category of the borrowers;

- i) **Penal charges for the delays in payment or nonpayment during the loan period:** 5% p.m. i.e. 0.17% per day shall be applicable on the due installment amount for the period of default on daily loans. It shall be applied only for the number of days the installment remains unpaid. Penal charges

@5% of the overdue installment per month shall be applied on monthly loan product for the no. of delayed payment.

Calculation method:

Penal charges = Overdue installment × Penal rate × Number of overdue days.

Example (Daily Loans): Rs. 500 daily installments unpaid for 5 days → $Rs. 500 \times 0.17\% \times 5 = Rs.4.25$
Example: (Monthly Loans): Rs. 10000 monthly EMI unpaid for 5 days → $Rs. 10000 \times 5\% \times 5 = Rs.83.33$

ii) Penal charges for the delay in payment or nonpayment after the expiry of the loan tenure:

- If the default on the loan account continues even after the expiry of the loan tenure, **10% of the outstanding amount** shall be charged as the penal charges on such loan accounts.
- Additional charges on such accounts (whose tenure expired) shall be calculated from the date of last installment date i.e. loan maturity date upto the next 30 days.

In case of failure in repayment by the borrower within 30 days of maturity date, additional charges shall also be levied on the due amount as per following grid;

No. of days of delayed payments after the maturity period	Additional Charges
0-30 days	10% of the total outstanding amount
>31~45 days	3% p.m. on the outstanding amount (excluding penal charges (@10%))
>45 days	Legal proceedings may be initiated

System adaptability / Flagging in MIS

- Overdue installments shall be flagged in the systems.
- System shall calculate daily Penal charges at the applicable rates as per this policy and reflect in borrower's account automatically.
- Borrower shall receive SMS/WhatsApp notification / calls / in Hindi or English about the overdue amount and penal charges.

Penal charges waiver

The Penal charges as becoming due on the delayed payment or overdue amount may be waive off by the competent authority subject to fulfillment and satisfaction of following conditions;

- i) Waiver may be considered in cases of natural calamities, medical emergencies, or genuine ground of non-payment or delayed payment, provided the borrower submits a **Waiver Request Letter (WRL)** in writing by the borrower.
- ii) WRL shall be considered only for those customers whose tenure has been over. No WRL shall be considered during continuation of the loan tenure.
- iii) A duly signed in the format as enclosed herewith as **Annexure 1** must be obtained by the concerned staff from the customer seeking waiver of the penal charges.

Process of waiver

- i) WRL must be required to send to Operational Manager at HO through WhatsApp or email with recommendation of the concerned branch manager.
- ii) Upon receipt, the Operational Manager shall authenticate the case in consultation with the concerned field officers and the borrower. After due verification, the case shall be forwarded to the Accounts Team at HO along with all supporting documents and evidences.
- iii) The Accounts Manager at HO shall review the documents, interact with the borrower if required, analyze the case, and either approve or reject the waiver request.
- iv) Approval of the waiver shall also be recorded through the web-based system by the Accounts Manager using his/her unique login credentials.
- v) Waiver shall be permissible only up to the amount of Penal charges charged on the loan account. Under no circumstances shall the waiver exceed this limit.
- vi) All the waiver related documents must be properly recorded and maintained by both the accounts team at Ho and the respective branch offices.
- vii) A **Final Settlement letter** in the format as enclosed herewith as **Annexure 2** shall be issued to the borrower by MIS at HO.
- viii) MIS or the designated customer representative shall make a follow up call to the borrower to verify the settlement amount and confirm closure.

II. Cheque / NACH Bounce Charges

- a. No bounce charges shall be levied in respect of defaults under daily collection loan products.
- b. In case of monthly loan products, a cheque/NACH bounce charge of Rs. 350/- (Rupees Three Hundred Fifty only) per EMI, plus applicable GST, shall be levied for each instance of dishonour.

III. Pre-Payment Penalty

	Daily Loan Product (SARAL)	Monthly Loan product (Business Loan)
Lock in period	60 days from the date of disbursement	6 months from the date of disbursement
Prepayment penalty on partial pre-payment or full closure.	NIL	NIL

Pre-settlement during lock-in period: -

No prepayment charges shall be levied on closure of loans. If a borrower requests pre-settlement during the lock-in period of the loan, the Company may permit such pre-settlement without any penalty. In such cases, any subsequent loan disbursed to the same borrower shall be restricted to an amount not exceeding the original loan amount that was pre-settled.

Accordingly, a borrower who pre-settles a loan during the lock-in period shall not be eligible for a higher

ticket size loan exceeding the amount originally disbursed to it.

This Policy should be reviewed and amended as and when required.

For and on behalf of the Board of Directors

Vivek Kumar Jayasaval
Director
DIN: 08023330

Amit Kumar Pandey
Director
DIN: 09512828

Waiver Request Letter

Date:
To
The Branch Manager
(Branch)

Request for Waiver of Penal Charges on Loan Account No _____

Dear Sir/Madam,

I am writing with reference to my Loan Account No. _____, availed on _____, for an amount of Rs. _____.

Due to _____, I was unable to make the repayment on the due date(s), which has resulted in the levy of penal charges/late payment fees amounting to Rs. _____.

I wish to submit that the delay was purely unintentional and occurred due to circumstances beyond my control. I have otherwise maintained a good repayment track record with your institution and value our relationship.

In view of the above, I humbly request you to kindly waive the penal charges levied on my loan account as a special consideration. I assure you that such delays will not occur in future and I remain committed to timely repayment of my obligations.

I shall be grateful for your sympathetic consideration of my request.

Thanking you.

Yours sincerely,

Borrower Name _____

Address _____

Mobile No. _____

Email ID _____

Loan Account No. _____

Annexure 2

Final Settlement Letter

Date:
To
Borrower Name
(Address)

Final Settlement Letter of Loan Account No. _____

Dear Sir/Madam,

This has reference to your Loan Account No. _____ availed from Vinayana Investment and Finance Limited

Pursuant to your request for waiver of penal charges and the approval accorded by the competent authority, the penal charges amounting to Rs. _____ levied on the above loan account have been waived as a special consideration.

We hereby confirm that upon receipt of the payment of Rs. _____ on _____, your loan account stands fully repaid and settled.

Accordingly:

- There are no outstanding dues in the above loan account as on date.
- The loan account is treated as closed in our books.
- Any security documents / post-dated cheques / NACH mandate (if applicable) shall be released/cancelled as per procedure.

We thank you for your association with Vinayana Investment and Finance Limited.

Yours faithfully,

For Vinayana Investment and Finance Limited

Authorized Signatory

Name:

Designation: