



GANPATI FINLEASE PRIVATE LIMITED

PENAL CHARGES POLICY

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PENAL CHARGES POLICY

INTRODUCTION

As per Reserve Bank of India's ("RBI") circular on Fair Lending Practice - Penal Charges in Loan Accounts, dated August 18, 2023 ("Penal Charges Circular") and the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 ("SBR-MD"), Ganpati Finlease Private Limited ("GFPL / Company") is required to formulate a board approved policy on penal charges or similar charges on loans.

GFPL offers secured loans to its customers/ borrowers. In case of defaults/ non-compliance by the customer/ borrower, GFPL may levy penal charges to inculcate a sense of credit discipline in its customers/ borrowers. The board of directors of the Company ("Board") have formulated and approved this policy on penal charges. ("Penal Charges Policy").

The Penal Charges Policy is to be read in conjunction with the Fair Practice Code of the Company.

KEY OBJECTIVES

- To arrive at a mechanism of levying penal charges.
- To formulate a mechanism for communication of penal charges.

PENAL CHARGES MODEL

The customer/ borrower will not be subject to penal interest but may be subject to levy of penal charges, as follows:

1. Delayed payment charges/ penal charges / bounce charges– A charge of INR 500 plus GST will be charged for failure to pay the EMI on time.
2. In addition, late payment fee will be applied based on the slab below on a daily basis, until the overdue principal is paid by the customer / borrower. This is done with the aim of creating credit discipline where an individual missing a payment repays the outstanding early and thus reduces overall penal charges. Penal charges will be subject to GST.

Days Past Due	Delayed Payment Charges/Non-Payment Charges
1-30	24 % per annum
31-90	30 % per annum
> 90	36% per annum

1. GFPL may charge interest on unpaid interest (including on the unpaid interest component of the EMI) at the contracted rate of interest, till the date of remediation.

PRINCIPLES

1. Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the customer/ borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances.
2. The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.

3. There will be no capitalization of the penal charges i.e., no further interest shall be computed on such charges. Further, there will be no introduction of any additional component to the rate of interest.
4. The above changes will be applicable to all new acquisitions as well as existing customers.

COMMUNICATION

1. The quantum and reason for penal charges will be clearly disclosed by the Company to the customers upfront in the loan agreement and Key Fact Statement (KFS) and will be displayed on the Company's website under interest rates and service charges.
2. Customers will be informed/ notified when the penal charges are levied along with the reason for the same.
3. Whenever reminders for non-compliance of material terms and conditions of loan are sent to the customer/ borrower, the applicable penal charges will be communicated.

POLICY REVIEW

This Penal Charges Policy will be reviewed and updated periodically for any changes, with the approval of the Board.