



Penal Charges for various kinds of non-compliances of terms & conditions of sanction of credit facilities (Applicable w.e.f 01.04.2025)

S.no	Nature of Non-compliance	Quantum of Penal Charge
1	Irregularity in Cash Credit/ Overdraft/ Term Loan Account	<p>a) Irregularity upto 60 Days: 2.40% per annum on the irregular portion for the period of irregularity.</p> <p>b) Continuous irregular for a period beyond 60 days: 5% per annum on the irregular portion for the period of irregularity.</p> <p>For Microfinance Loans, penalty, if any, for delayed payment shall be applied on the overdue amount and not on the entire loan amount.</p>
2	Non-submission of Stock Statements on time	<p>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).</p>
3	Non-submission of renewal data including Audited Balance Sheet	<p>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).</p>
4	Non completion of perfection of security within the stipulated timelines (including extended timelines permitted by the competent authority)	<p>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).</p>
5	Non-renewal / Expired ECR	<p>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/</p>

		Navratna/ Miniratna)/ PSUs guaranteed by Central Government/ State Government Institutions/ State PSUs guaranteed by State Government. To be calculated on the Sanctioned Limit for the period of default/ delay).																				
6	Non-submission/ delayed submission of FFRs on due date	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).																				
7	Non-renewal of insurance policy in a timely manner or inadequate insurance cover	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)																				
8	Breach of Financial Covenants (Other than NBFCs) for term loans	<p>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.</p> <p>The penal charges for non-compliance shall be as under:</p> <table border="1"> <thead> <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> </thead> <tbody> <tr> <td>DSCR</td> <td rowspan="5">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 rowspan="5">i) Upto 10 % i.e. any/ all covenants subject to DSCR not being lower than 1.00</td> <td rowspan="5">NIL</td> </tr> <tr> <td>Interest Coverage Ratio</td> </tr> <tr> <td>FACR</td> </tr> <tr> <td>Debt/EBIDTA</td> </tr> <tr> <td>Any other financial covenant considered relevant / agreed with the Borrower.</td> </tr> <tr> <td></td> <td></td> <td>ii) More than 10 %</td> <td>1.00% p.a.</td> </tr> <tr> <td></td> <td></td> <td>iii) Upto 10% but DSCR falling below 1.00</td> <td>1.00% p.a.</td> </tr> </tbody> </table> <p>Other Guidelines:</p> <p>i. The covenants are required to be tested annually on the basis of Audited Balance Sheet (ABS) till term loans are closed.</p>	Parameters	Benchmark for annual testing of financial covenants	Deviation from stipulated Benchmark of Financial Covenants (%)	Charges	DSCR	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.)	i) Upto 10 % i.e. any/ all covenants subject to DSCR not being lower than 1.00	NIL	Interest Coverage Ratio	FACR	Debt/EBIDTA	Any other financial covenant considered relevant / agreed with the Borrower.			ii) More than 10 %	1.00% p.a.			iii) Upto 10% but DSCR falling below 1.00	1.00% p.a.
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		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.																													
9	Breach of Financial Covenants in case of NBFCs	<p>The financial covenants specified for NBFCs is mentioned as under:</p> <p>Penal Charge to a maximum of 1% p.a. will be charged in case of breach in:</p> <p>i. any one of a, b & c OR / AND ii. any two of d, e, f & g</p> <table border="1"> <thead> <tr> <th>S.No.</th> <th>Parameters</th> <th>Prescribed level of Financial Covenants</th> <th>Benchmark testing of ratios</th> <th>Penalty for adverse deviation</th> </tr> </thead> <tbody> <tr> <td>a</td> <td>CRAR</td> <td>16%</td> <td rowspan="3">Below the prescribed level or 10% below the approved level</td> <td rowspan="7">1% p.a.</td> </tr> <tr> <td>b</td> <td>Tier I Ratio</td> <td>12%</td> </tr> <tr> <td>c</td> <td>Net NPA%</td> <td>5.5%</td> </tr> <tr> <td>d</td> <td>TOL/NOF</td> <td></td> <td rowspan="4">10% below the approved level</td> </tr> <tr> <td>e</td> <td>Liquid Assets/Total Loan Assets</td> <td></td> </tr> <tr> <td>f</td> <td>Gross NPA%</td> <td></td> </tr> <tr> <td>g</td> <td>Asset Coverage Ratio</td> <td></td> </tr> </tbody> </table> <p>(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. (To be calculated on the Sanctioned Limit for the period of default/ delay).)</p>	S.No.	Parameters	Prescribed level of Financial Covenants	Benchmark testing of ratios	Penalty for adverse deviation	a	CRAR	16%	Below the prescribed level or 10% below the approved level	1% p.a.	b	Tier I Ratio	12%	c	Net NPA%	5.5%	d	TOL/NOF		10% below the approved level	e	Liquid Assets/Total Loan Assets		f	Gross NPA%		g	Asset Coverage Ratio	
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10	Cross Default (Default by any of the group companies of the borrower, in payment of interest/ installment/ interest to our bank/ other banks)	1.20% p.a. (on the entire outstanding for the period of non-adherence)																													

11	Diversion of Funds (Breach of Covenant)	2.20 % p.a. (on the outstanding amount, till such time the position is rectified in case of Diversion of Funds.)
12	EPC (Rupee) Advance where exports do not materialize	2.20 % p.a. (over applicable CC rate from the date of disbursal.)
13	Commitment Charges- For exposure greater than Rs. 50.00 Crore & upto Rs 150.00 Cr (Both FB & NFB exposure from our Bank)	<p><u>For Fund Based exposure from our Bank:</u></p> <p>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.</p> <p><u>For Non- Fund Based exposure from our Bank:</u></p> <p>If average utilization is less than 60%: 0.25% p.a. to be charged on unutilized portion on a quarterly basis.</p>
14	Commitment Charges- For exposure greater than 150 Crore (Both FB & NFB exposure from our Bank)	<p>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:</p> <p>i. AAA/ Central & State PSUs/ Navratnas: NIL ii. AA: 0.15% p.a. iii. A: 0.20% p.a. iv. BB & Un-rated: 0.40% p.a. v. BB & below: 0.50% p.a.</p> <p>Other Guidelines for Commitment Charges: (Common for S.NO. 13 & 14)</p> <ul style="list-style-type: none"> Commitment charges shall be reckoned from the date of limits (new/enhanced/renewal made) available in CBS. Commitment charges shall be levied on the unutilised / 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.

		<ul style="list-style-type: none"> • 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. • At the time of closure of accounts, the commitment charges to be recovered on a proportionate basis. • 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. • 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.
15	Charges on pre-payment / Pre-Closure of credit facilities	<p>i. Pre-payment charges (on Term Loan Facility) 2.00 % of the pre-paid amount.</p> <p>ii. Pre-Closure charges (on Fund Based Facilities except Term Loan) 2% of the “Outstanding Amount” being taken over.</p> <p>However, no prepayment/pre-closure charges are to be levied in the following cases:</p> <p>i. Micro & Small Enterprise (MSE) Borrower.</p> <p>ii. Floating rate term loan (non-business) sanctioned to Individual Borrower.</p> <p>iii. Microfinance Loans (Except Loans to NBFC-MFIs)</p> <p>iv. Where the loans are prepaid by the borrowers from internal cash accruals/equity infusion.</p> <p>v. 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.</p> <p>vi. In addition to above, charges will not be levied on the following cases:</p> <p>a. In case payment has been made out of cash sweep/ Insurance proceeds</p> <p>b. Payment at the instance of lenders.</p>

16	Term Loans: Delayed Drawdown (Irrespective of whether having WC limits or not)	<p>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.)</p> <p>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.</p> <p>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.</p>
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.

Note:

- GST on penal charges will be recovered if applicable as per the guidelines in force and to be recovered from the borrower.
- Penal charges will be applied on a monthly basis and calculated for the actual period of non-compliance.
- 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.