

Penal charges on loans and advances

The penal charges applicable for non-compliance of Material Terms and Conditions (MTCs) in credit facilities (other than those specifically exempted) stand revised effective from January 31, 2025. In respect of existing credit facilities, the revised penal charges will be applicable from the date of next renewal/ review or 01.03.2025, whichever is earlier.

Please note:

- (a) Penal charges will be collected only for the actual number of days for which the account is in default/ has arrears/ is overdrawn (or) for the actual number of days for which the material terms and conditions remained non-complied.
- (b) Penal charges will not be compounded/ capitalized.

List of MTCs and corresponding Penal Charges

SI No.	Material Terms and Conditions	Penal charges and effective date
1	Failure to Pay Due Amount: Non- payment of the amount due to the Bank on or before the due date (other than for revolving credit facilities like Cash Credit and Overdraft)	18% p.a. on the amount due, effective from the due date
2	Exceeding Sanctioned Limit / DP: Balance in excess of the sanctioned limit or drawing power (DP), whichever is lower (for revolving credit facilities)	18% p.a. on the overdue portion from the date of overdue
3	Non-regularization of Temporary Overdrafts (TOD) / Ad Hoc: Non - regularization of Temporary Overdraft (TOD) / Ad hoc on due date, including the TODs sanctioned in Savings Bank Accounts and Current Accounts	18% p.a. on the TOD / Ad hoc amount from the due date
4	Non-renewal of Account: Non-renewal of account by due date, due to non-submission or delayed submission of financials/ other data by the borrower (for revolving credit facilities)	4% p.a. on the balance outstanding from the due date for renewal
5	Delayed Submission of Stock / BR / CB Statements: Non - submission of Stock Statement/ Bills Receivable (BR) statement/ Cash Budget (CB) within the prescribed timelines	4% p.a. on the balance outstanding from the due date for submission
6	Diversion / siphoning of bank loan.	4% p.a. on the balance outstanding from the date of diversion/ siphoning.
7	Non - submission of audited financials within the prescribed timelines.	4% p.a. on the balance outstanding from the due date for submission specified in SO.

8	Non - co-operation for timely completion of stock audit and submission of stock audit report.	4% p.a. on the balance outstanding from the due date specified in SO.
9	Non creation of EM / Registered Mortgage / Security perfection within the prescribed timelines due to any delay on the part of the borrower.	4% p.a. on the balance outstanding from the due date specified in SO.
10	Failure to comply with the financial parameters (Current Ratio, Debt Equity Ratio, TOL / TNW, TOL / ATNW, DSCR, fresh capital infusion) stipulated by sanctioning authority.	4% p.a. on the balance outstanding from the due date specified in SO.
11	Charges not registered with statutory / regulatory authorities (such as MCA / RTO etc.)	4% p.a. on the balance outstanding from the due date specified in SO.
12	If external credit rating with Bank's name is not obtained / renewed.	4% p.a. on the balance outstanding from the due date specified in SO.
13	Non submission of stamped receipts /invoices of fixed asset acquired out of the Term Loan.	4% p.a. on the balance outstanding from the due date specified in SO.
14	Non submission of end use certificate from borrower / CA / statutory auditor.	4% p.a. on the balance outstanding from the due date specified in SO.
15	Non - obtention of insurance / renewal of insurance on primary and / or collateral security.	4% p.a. on the balance outstanding from the due date specified in SO.
16	Construction of building without adhering to relevant statutory guidelines.	4% p.a. on the balance outstanding from the due date specified in SO.
17	Non obtention of licence / other permits required for running the business activity.	4% p.a. on the balance outstanding from the due date specified in SO.
18	Non obtention / renewal of LEI code.	4% p.a. on the balance outstanding from the due date specified in SO.
19	Non - achievement of DCCO.	4% p.a. on the balance outstanding from the due date specified in SO.
20	Non - Routing of proportionate cash flow through the operative account with our Bank.	4% p.a. on the balance outstanding for the period of irregularity.
21	Accounts recalled but not settled within the due date.	4% p.a. on the balance outstanding for the period of irregularity.

22	NPA accounts (Based on the reasons for classification of NPA)	18% p.a. on the overdue/ arrear portion from the date of overdue / arrear, for the accounts turning NPA (for the reasons mentioned against SI No 1, 2 and 3)
		4% p.a. on the balance outstanding from the date of account turning NPA (for the reasons mentioned against SI No 4 to 21)

Loan products/categories exempted from Penal Charges:

Priority Sector Loans up to ₹25000/-
Credit Cards
External Commercial Borrowings
Trade Credit including Rupee/Foreign Export Credit
Foreign Currency Loans