

DOCUMENT CONTROL

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Version Control

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CHANGES MADE IN THE CURRENT VERSION SINCE THE LAST APPROVED POLICY

Sl No	Change	Section	Reference Page No
1	Addition of Sustainable & Emerging Businesses vertical	Principles/ Terms and Conditions	5

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1. Introduction

The Reserve Bank of India issued Non-Banking Financial Companies – Responsible Business Conduct Directions, 2025 dated November 28, 2025 which states about Responsible Lending Conduct - Penal Charges in Loan Accounts.

RBI has advised the NBFCs to levy penal charges in case of non-compliances or and any violations as expressly indicated by NBFCs and to disclose the amount of penal charges, terms & conditions of applicability and rationale for charging penal charges from defaulter borrowers.

Keeping in view the RBI guidelines, the internal guiding principle have been laid out by the Board of Satin Finserv Limited (hereafter referred to as “SFL” or “Company”). This policy should always be read in conjunction with RBI’s guidelines, directives, circulars, instructions and frequently asked questions issued from time to time. SFL ensures fair practice and transparency to its customers and accordingly SFL’s Penal Charges Policy is published on Company’s website i.e. www.satinfinserv.com. This policy outlines the principles and procedures for imposing penal charges in loan accounts.

2. Scope/ Objective:

This policy applies to all loan products offered by SFL to individual and non-individual borrowers.

The objective of this policy is to:

- Inculcate credit discipline among borrowers;
- Ensure transparency and reasonableness in the imposition of penal charges;
- Minimize customer grievances and disputes related to penal charges; and
- Not use penal charges as a revenue enhancement tool.

3. Principles/ Terms and Conditions:

- Penal charges for non-compliances with material loan terms & conditions shall be treated as ‘penal charges’ which will be separate from the interest rate and shall not be added to the interest rate charged on loans. There shall be no capitalisation of penal charges, i.e., no further interest computed on such charges. Further, no additional penal charges will be levied on the earlier outstanding amount of penal charges.
- The material terms & conditions have been defined in the credit policy of the Company.
- Penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of the loan contract and may vary depending upon the amount of loan.
- Penal charges for individual borrowers (non-business purposes) shall not exceed those for non-individual borrowers for similar non-compliance.
- The quantum and reasons for penal charges shall be clearly disclosed to customers in loan agreements, Most Important Terms & Conditions/Key Fact Statement, and on Company's website. The Penal charges levied by the Company are given in the below mentioned table.

For Micro Enterprise Group (MEG)

Particulars	Definition/Formula	Remarks
Penal Charges	$(\text{EMI amount overdue} * \text{Default days} * 24\%) / 365$	Penal charges will be levied on the unpaid EMIs due from the customer at the rate of 24% per annum for the number of days such due EMIs remain unpaid.
PDC/ECS/NACH Bounce Charges	INR 500 + Applicable taxes	INR 500 + Applicable taxes for each bounce

For Sustainable and Emerging Businesses (SEB)

Particulars	Definition/Formula	Remarks
Penal Charges	$\text{EMI amount overdue} * \text{Default days} * \text{Rate Applicable}$	Penal charges will be levied on the unpaid EMIs due from the customer at the rate of upto 3% per month for the number of days such due EMIs remain unpaid.
Cheque Bounce/ECH or ACH dishonor Charges	INR 750 + Applicable taxes	INR 750 + Applicable taxes for each bounce
EMI Default Charges	INR 250 + Applicable taxes	Rs. 250/- per EMI for each completed month
Breach in Financial Covenant, if applicable	2% p.m. for the period of default	2% p.m. for the period of default on outstanding amount

4. Time to Levy/ Procedure:

The Penal Charges shall be imposed in the following procedure:

- Whenever reminders for non-compliance of material terms and conditions of the loan are sent to borrowers, the applicable penal charges shall be communicated.
- Any instance of the levy of penal charges and the reason therefor shall also be communicated to the borrower.

5. Implementation:

This policy came into effect from July 1, 2024 and, thereafter, the Company shall ensure its implementation in respect of all fresh loans availed/renewed from the effective date.

6. Application of Charges:

SFL shall adopt a practice of levying charges only for the period the loan was outstanding during the month, in cases of mid-month disbursement or repayment.

Charges shall not be levied for the entire month when loans are disbursed or repaid during the course of the month, ensuring fairness and transparency in the calculation.

7. Waiver of Penal Charges:

The Company may, at its discretion, waive penal charges either partially or fully in justified cases based on business rationale, operational considerations, or exceptional circumstances.

8. Grievance Redressal

In case of any dispute with regards to the Penal charges, the customer can write to the company at clientgrievance@satinfinserv.com or call on the toll free number given on the company's website.

9. Review and Amendment:

The policy shall be reviewed annually by the Board, or earlier if required, in the event of:

1. Regulatory changes issued by the RBI or any other governing authority.
2. Business expansion, introduction of new processes, or major system upgrades.
3. Findings or recommendations arising from internal or external audits.

However, if there are any substantial changes in the guidelines by regulators in between, the same would prevail over the Policy. Further, any amendments as and when required may be carried out with the approval of either the Managing Director (MD) & Chief Executive Officer (CEO) or Chief Financial Officer (CFO) of the Company and these changes/amendments shall be presented to the Board in the forthcoming board meeting for information and noting.