



Schedule of Penal Charges for MSME borrowers:

Effective from 01st of March 2026

1. Stock and book debts statements, as at the end of every month, shall be submitted to the Bank, in the prescribed format, on or before 10th of the succeeding month, in order to arrive at the eligible drawing power. In case of any delay in submission of statements of stock, penal charges will be levied at 0.10% plus applicable taxes on monthly basis.
2. The present rate of interest as stated in this sanction letter is valid only for as long as the internal rating/external rating of the borrower remains at the current or better level. The Bank reserves its right to increase the spread/rate, as per the prevailing norms, in the event of any deterioration in rating, on subsequent rating updation. The spread/rate of interest shall be increased by 25 basis points each for down gradation in rating by each notch from the existing rating grade, upon rating updation and such increase in spread/rate of interest should be made effective from 1st of the succeeding month of balance sheet date. The revised spread/rate of interest will be over and above the penal charge for rating watch accounts, if any.
3. Downward variation of 10% and above in any/ all of the key financials viz. TNW, Sales and Profit as per the audited results from that of the provisional figures submitted, where appraisal of financial health of a borrower has been based on provisional/ unaudited financial statements of previous financial year, spread/interest rate shall be increased by 1%, notwithstanding rating improvement if any. This increase in spread/interest rate shall be made effective from the date of such rating done based on audited financials.
4. Audited financial statements for every financial year shall be furnished to the Bank for updation of internal rating within 7 months from the close of the accounting period (on or before 31st Oct). In case of failure or delay in submitting the same, penal charges will be levied at Rs 10,000/- plus applicable taxes on a monthly basis till the submission of the audited financials.
5. If there is delay in submission of audited financials beyond November 30th, Bank has the discretion to withdraw concession in rate of interest sanctioned based on rating.
6. Charges for delay in submission of documents under deferral is INR 10,000 + taxes per Month per deferral and penal charges would be applicable after 15 days from due date until receipt of the respective document and at the sole discretion of the bank.
7. Charges for delay/overdue for renewal of credit facilities are as below:
 - a. 0 to 15 days overdue no charges will be applied.
 - b. 16 to 30 days overdue Rs 10,000 + taxes
 - c. 31 to 60 days overdue 1% of the balance outstanding + taxes
 - d. 61 to 90 days overdue 1% of the balance outstanding + taxes
 - e. Beyond 90 days 2% per month + taxes on balance outstanding till the time renewal not updated in system

8. Delay or default in repayment or where amount drawn beyond the maximum overdraft limit and /or drawing power amount unpaid on due date shall attract penal charge of 2% per month on balance outstanding + taxes.
9. Entire sales/credits shall be routed through the Cash Credit Account with the bank. In case total credit to the account during any month on average basis is less than 25% of the total of working capital limits sanctioned, 2% Per Month + taxes Charges shall be applied.
10. In case average utilisation during any month is less than 40% of the limit sanctioned, commitment charge will be levied at the rate of 0.50% P.M. + taxes, on the difference between actual utilisation and average monthly utilisation of 40% of the limit sanctioned.
11. In case any one or more of borrowal account(s) turn SMA or NPA (as defined by Reserve Bank of India from time to time), penal charges will be levied on the outstanding balance of all borrowal accounts during the period of such classification, at the following rates:
 - a. SMA 0 upto 7 days: No charges to be applied
 - b. SMA 0 Beyond 7 days: 0.5% PM + taxes on Balance Outstanding
 - c. SMA 1: 1.5% PM + taxes on Limit
 - d. SMA 2: 2% PM + taxes on limit
 - e. NPA upto 3 months: 2% PM + taxes on limit
 - f. NPA Beyond 3M: 4% PM + taxes on limit
12. Working Capital limits cannot be closed within 1 year from the date of disbursement. In case of pre-payment of working capital facility within 1 year, foreclosure charges will be levied @ 2% p.a., on the sanctioned limit. (wherever applicable as per RBI guidelines on foreclosure charges on MSMEs)
13. Account cannot be closed within 12 months. In case of repayment of term loan in full ahead of repayment schedule, foreclosure charges shall be levied as follows (wherever applicable as per RBI guidelines on foreclosure charges on MSMEs)
 - a. 4% of outstanding balance for closure upto 24 months.
 - b. After 24 months to 60 months - 2% of outstanding balance, and
 - c. After 60 months - 1% of the outstanding balance.
14. All the terms and conditions as stipulated in the sanction communication shall be strictly complied with. In the event of any breach in borrowing covenants like sale of assets, cessation of business/ activity etc., penal charge of 0.10% per month Per covenant + taxes will be applied.



15. Delay/Non creation of security in favor of the bank by the borrower/security provider, 1% per month + taxes on exposure for any delay beyond original due date as per sanction terms up to 90 days. Beyond 90 days, Bank reserve the right to recall the facility or charge penal charges of 2% per month + taxes until the security is created to the satisfaction of the bank.
16. The Bank shall have an unconditional right to cancel the undrawn/unavailed portion of the facility at any time during the subsistence of the facility, without any prior notice to the borrower, for any reason whatsoever. In the event of any such cancellation, all the provisions of this sanction shall continue to be effective and valid, and the borrower shall repay the facility in accordance with the terms of this sanction.

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