

Policy for determining Penal Charges

Mintifi Finserve Private Limited

Version Control: 1.2 (FY25-26)

Line of Business	Finance Department		
Version No.	Date of Approval	Approving Authority	Key Changes/ Relevant paragraph
1.0		Board of Directors	
1.1	12.08.2024	Board of Directors	No change (except for language/updating the regulatory reference and hygiene changes)
1.2	29.09.2025	Board of Directors	Clause 3: Clarified penal charge calculation

1. **INTRODUCTION**

Mintifi Finserve Private Limited is incorporated under the provisions of the Companies Act, 2013 and is registered as Non-Banking Financial Company with Reserve Bank of India (“**RBI**”). The Company is engaged in the business of extending credit facility through various products to its end customers. This policy is been prepared in accordance with the directions issued by Reserve Bank of India on Fair Lending Practice - Penal Charges in Loan Accounts as may be amended from time to time.

2. **OBJECTIVE**

The policy has been framed with an objective to lay down the guiding principles for levy/charging penal charges from the customer amongst other reasons, inter alia on account of non-compliance of material terms and conditions of loan contract by the borrower.

3. **RATIONAL AND APPROACH TO PENAL CHARGES;**

It is imperative to note that since each customer or prospective borrower exhibits a distinct risk profile influenced by various factors such as credit history, default risk, CIBIL scores, and repayment history with lenders. In the event of any non-compliance with material terms and conditions as outlined in the loan agreement, we will endeavour to provide appropriate remedial measures based on the merit of the case, however such non-compliances incurred by the customer will result in financial costs to the Company. Accordingly, it is pertinent to specify and apply appropriate penalty charges for non- compliance of any material terms and conditions as may be stipulated in the loan agreement and other transaction documents executed in this regard. This will also encourage disciplined customer behaviour from the customer. To maintain parity across all our products, Penal Charges will be applied in the following manner:

Loan Type	Penal Charges Rate
All products	Penal charges up to 36% per annum (calculated on a monthly basis on the overdue amount), plus applicable taxes.

*It is hereby clarified that any waiver of these charges may be considered at the sole discretion of the management of the Company after considering factors such as client history, repayment behaviour, reasons for non -compliance etc.

4. **GUIDING PRINCIPLES**

- Penalty, if charged, for non-compliance of material terms and conditions as defined in the loan contract with the borrower shall be treated as 'penalties'. These penalties shall also cover charges levied on the customer for delay in payment of their overdue EMI.

- In case of existing loans, the instructions laid out in Fair Lending Practice - Penal Charges in Loan Accounts shall come into effect from April 1, 2024 and the switchover to new penal charges shall be in accordance with the instructions stipulated in RBI Circular on “Fair Lending Practice - Penal Charges in Loan Accounts”.
- Additional penal charges cannot be levied on the earlier outstanding amount of penal charges.
- There shall be no capitalisation of penalties i.e., no further interest computed on such charges.
- The Company shall not introduce any additional component to the rate of interest.
- The quantum of penalties shall be reasonable and commensurate with the noncompliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.
- The penalties in case of loans sanctioned to 'individual borrowers, for purposes other than business, shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.
- The quantum and reason for penalties shall be clearly disclosed by Company to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to this policy being displayed on Company website.
- Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penalties shall be communicated. Further, any instance of levy of penalties and the reason thereof shall also be communicated.
- Grace period for Penal Charges, if any will be decided at the sole discretion of the management of the Company

5. FAIR PRACTICE CODE

In accordance with the in accordance with the provisions of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Scale Based Regulation (“SBR”), to the extent applicable, as issued by Reserve Bank of India as amended from time to time including any statutory modification or re- enactment thereof for the time being in force the company has designed and adopted Fair Practice Code for promoting fair practices by setting minimum standards in dealing with customers. The Fair Practice Code has been uploaded on the website of the Company and can be accessed from thereon.

6. AMENDMENT

Any amendment in this policy shall be done only with the approval of the Board of Directors. Notwithstanding anything contained herein, any subsequent amendment in the RBI regulations or any other applicable law in this regard, shall automatically apply to

this Policy. Accordingly, this policy shall be duly revised to incorporate any amendments.

7. POLICY REVIEW

This Policy shall be reviewed by the Board of Directors at least once in every year, in order to align with the ongoing regulatory and business requirements.

8. DISCLOSURE:

This Policy shall be disclosed on the website of the Company.