

**Penal Charges for various kinds of non-compliances of terms & conditions of sanction of credit facilities (Applicable w.e.f 31.05.2024)**

S.no	Triggers	Penal Charges Revised Rates
1	Irregularity in Cash Credit/ Overdraft/ Term Loan Account	<p>a) Irregularity upto 60 Days: 2.40% per annum <b>on the irregular portion for the period of irregularity.</b></p> <p>b) Continuous irregular for a period beyond 60 days: 5% per annum <b>on the outstanding for the period of irregularity.</b></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>0.06% p.a.</p> <p>(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. <b>To be calculated on the Sanctioned Limit for the period of default/ delay).</b></p>
3	Non-submission of renewal data including Audited Balance Sheet	<p>0.06% p.a.</p> <p>(Non-submission of Renewal Data 30 days before the due date for renewal of limits. <b>To be calculated on the Sanctioned Limit for the period of default/ delay).</b></p>
4	Non completion of perfection of security within the stipulated timelines (including extended timelines permitted by the competent authority)	<p>0.30% p.a.</p> <p>(Penalty to be levied from the next day of the expiry of the stipulated/ extended time period for perfection of security till the security is perfected. <b>To be calculated on the Sanctioned Limit for the period of default/ delay).</b></p>
5	Non-renewal / Expired ECR	<p>0.24% p.a.</p> <p>(Exemption: Autonomous body promoted by Central Government / Profit making Central PSUs (Maharatna/ Navratna/ Miniratna)/ SPVs promoted by profit making central PSUs (Maharatna/ Navratna/ Miniratna)/ PSUs guaranteed by Central Government/ State Government Institutions/ State PSUs guaranteed by State Government. <b>To be calculated on the Sanctioned Limit for the period of default/ delay).</b></p>
6	Non-submission/ delayed submission of FFRs on due date	<p>0.03% p.a.</p> <p>(For AA &amp; better rated borrowers: Nil for delay upto 30 days, if delay is beyond 30 days, penal charges will be levied as stipulated. <b>To be calculated on the Sanctioned Limit for the period of default/ delay).</b></p>
7	Non-renewal of insurance policy in a timely manner or inadequate insurance cover	<p>0.06% p.a.</p> <p><b>(To be calculated on the Sanctioned Limit for the period of default/ delay)</b></p>

8	Breach of Financial Covenants (other than NBFCs) for term loans	<p>Adverse deviation in respect of any two of the four financial parameters (DSCR, ICR, FACR, Debt/EBITDA), arrived on the basis of audited financial statements each year, from the estimated/ projected levels accepted at the time of sanction/ last review, will attract penal charges.</p> <p>Adverse deviation from the acceptable level for covenant testing beyond which penal provisions would be invoked (per parameter)</p> <p>i. Upto 10%- NIL ii. More Than 10%- 60 bps p.a.</p> <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. <b>(To be calculated on the Sanctioned Limit for the period of default/ delay )</b>).</p>																										
9	Breach of Financial Covenants in case of NBFCs	<p>Penal Charge to a maximum of 60 bps will be charged in case of breach in:</p> <p>i. any one of a, b &amp; c OR / AND ii. any two of d, e, f &amp; g</p> <table border="1" data-bbox="643 927 1505 1570"> <thead> <tr> <th data-bbox="643 927 707 1070">Sr No</th> <th data-bbox="707 927 895 1070">Parameters</th> <th data-bbox="895 927 1066 1070">Prescribed level of Financial Covenants</th> <th data-bbox="1066 927 1257 1070">Benchmark testing of ratios</th> <th data-bbox="1257 927 1505 1070">Penalty for adverse deviation</th> </tr> </thead> <tbody> <tr> <td data-bbox="643 1070 707 1106">a</td> <td data-bbox="707 1070 895 1106">CRAR</td> <td data-bbox="895 1070 1066 1106">16%</td> <td data-bbox="1066 1070 1257 1279" rowspan="3">Below the prescribed level or 10% below the approved level</td> <td data-bbox="1257 1070 1505 1570" rowspan="7">60 bps p.a.</td> </tr> <tr> <td data-bbox="643 1106 707 1142">b</td> <td data-bbox="707 1106 895 1142">Tier I Ratio</td> <td data-bbox="895 1106 1066 1142">12%</td> </tr> <tr> <td data-bbox="643 1142 707 1279">c</td> <td data-bbox="707 1142 895 1279">Net NPA%</td> <td data-bbox="895 1142 1066 1279">5.5%</td> </tr> <tr> <td data-bbox="643 1279 707 1314">d</td> <td data-bbox="707 1279 895 1314">TOL/NOF</td> <td data-bbox="895 1279 1066 1570" rowspan="4"></td> <td data-bbox="1066 1279 1257 1570" rowspan="4">10% below the approved level</td> </tr> <tr> <td data-bbox="643 1314 707 1429">e</td> <td data-bbox="707 1314 895 1429">Liquid Assets/Total Loan Assets</td> </tr> <tr> <td data-bbox="643 1429 707 1464">f</td> <td data-bbox="707 1429 895 1464">Gross NPA%</td> </tr> <tr> <td data-bbox="643 1464 707 1570">g</td> <td data-bbox="707 1464 895 1570">Asset Coverage Ratio</td> </tr> </tbody> </table> <p>(Penal Charge would be charged retrospectively from the date of Audited Balance Sheet based on which, covenants have been tested, for the period of breach. <b>(To be calculated on the Sanctioned Limit for the period of default/ delay)</b>).</p>	Sr 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	60 bps 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)	<p>1.20% p.a. <b>(on the entire outstanding for the period of non-adherence)</b></p>																										

11	Diversion of Funds (Breach of Covenant)	2.20% p.a. <b>(on the outstanding amount, till such time the position is rectified in case of Diversion of Funds.)</b>
12	EPC (Rupee) Advance where exports do not materialize	2.20% p.a. <b>(over applicable CC rate from the date of disbursal.)</b>
13	Commitment Charges- For exposure greater than Rs. 50.00 Crore & upto Rs 150.00 Cr (Both FB & NFB)	<p>i. If the average utilization is more than 60%: No charges</p> <p>ii. If the average utilization is between 50-60%: 0.18% p.a. to be recovered on <b>entire unutilized portion on a quarterly basis.</b></p> <p>iii. If the average utilization is less than 50%: 0.48% p.a. on <b>entire unutilized portion on a quarterly basis.</b></p>
14	Commitment Charges- For exposure greater than 150 Crore (Both FB & NFB)	<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 CC/OD limits on quarterly basis, as under:</p> <p>i. AAA/ PSUs/ Navratnas: NIL</p> <p>ii. AA: 0.12% p.a.</p> <p>iii. A: 0.18% p.a.</p> <p>iv. BB &amp; Un-rated: 0.36% p.a.</p> <p>v. BB &amp; below: 0.48% p.a.</p>
15	Term Loans: Delayed Drawdown (Irrespective of whether having WC limits or not)	0.60% p.a. <b>(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.)</b>

**Note:**

- GST on penal charges will be applicable as per the extant guidelines and to be recovered from the borrower.
- 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.