

INNOVEN CAPITAL INDIA PRIVATE LIMITED

PENAL INTEREST POLICY

VERSION CONTROL

Version	Date of adoption/renewal	Reason for adoption/change	Approving Authority
1	March 12, 2024	Pursuant to RBI Framework	Board of Directors

Introduction

This document sets out to ensure reasonableness and transparency in disclosure of penal interest. This policy will come into immediate effect on receipt of board approval.

Innoven Capital India Private Limited (“the Company”) registered as Non-banking Financial Company with Reserve Bank of India offering term loan and working capital demand loan to corporates.

The Company levies Penal Interest/ Charges on loans to inculcate a sense of credit discipline and not as a tool for revenue enhancement.

Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.

The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan.

The quantum and reason for penal charges shall be clearly disclosed to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on website under Interest rates and Service Charges.

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

NBFCs shall mention the penalties charged for late repayment in bold in the loan agreement.

Approval/Review:

The policy shall be reviewed at yearly intervals or as and when considered necessary by the Board of Directors of the Company.