

Penal Charges Policy

MI India Capital & Investment Private Limited

Policy extract | Consolidated RBI Policy Framework 2026 | Schedule 4

Board approved 28 September 2026 | Effective immediately

This Policy sets the principles for penal charges in MICI loan accounts. It does not contain a borrower-facing schedule of charge amounts or amounts by breach type.

Principle

A penalty for non-compliance with material loan terms shall be levied as a penal charge, not as penal interest added to the interest rate. Penal charges shall not be capitalised and no further interest shall be computed on them. Normal interest on unpaid principal may continue in accordance with the agreement.

Application

The nature, trigger and amount or method of each penal charge shall be reasonable, proportionate to the breach, approved at sanction and disclosed in the sanction letter and agreement. Similar breaches within a comparable borrower category shall be treated consistently.

Notice and accounting

The borrower shall be reminded of the applicable penal charge when a breach is notified. Charges shall be separately identified in the loan system and financial records. Reversal or waiver requires written reasons and approval under the sanction or delegation framework.

Prohibited practices

MICI shall not compound penal charges, disguise additional interest as a fee, levy retrospective undisclosed charges or use penal charges principally as a revenue enhancement measure.