

PENAL CHARGES POLICY

BEST CAPITAL SERVICES LIMITED

Registered Office:

**701, 7TH Floor, Luhadia Tower, Ashok
Marg,
C-Scheme, Jaipur 302001.INDIA
CIN NO: U67120RJ1995PLC009942.**

This Penal Charges Policy reviewed and approved in the Board meeting held on 01.04.2025.

Introduction

The Reserve Bank of India (RBI) vide circular no. DoR.MCS.REC.28/01.01.001/2023-24 dated August 18, 2023 read with circular no. DoR.MCS.REC.61/01.01.001/2023-24 dated December 29, 2023 and FAQs dated January 15, 2024, requires the Regulated Entities (REs) to ensure reasonableness in levying Penal Charges and also maintain transparency in disclosure on the same. REs were advised to formulate a Board approved policy for levying penal charges.

Purpose

The intent of levying penal charges is essentially to inculcate a sense of credit discipline and such charges are not meant to be used as a revenue enhancement tool over and above the contracted rate of interest. 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.

Applicability

The following Penal charges policy shall be applicable to all the loan products offered by **Best Capital Services Limited** (hereinafter referred as the '**Company**').

Penal Charges: Policy terms

1. The Company shall not levy Penal interest.
2. 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.
3. There shall be no capitalization 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. No additional component shall be added to the rate of interest to ensure compliance to the RBI guidelines in both letter and spirit.
4. 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 / product category.

5. The penal charges 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.
6. The quantum and reason for penal charges shall be clearly disclosed by the Company in **"Bold"** to the borrowers in the loan agreement and Most Important Terms & Conditions (MITC) / Key Fact Statement (KFS) as applicable, in addition to being displayed on Company website under Interest rates and Service Charges.
7. An acknowledgement of loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable will be taken from the borrower in the language understood by the borrower.
8. Penal charges will be explained to the borrower at the time of onboarding and at the time any change, review or renewal of the charges during the tenure of the loan of the borrowers.
9. Reminders/ letters for non-compliance of material terms and conditions of loan sent to borrowers shall mention the applicable penal charges.
10. Any grievances relating to the penal charges shall be addressed in line with the Grievance Redressal Policy and Fair Practice Code.
11. The Company shall establish a mechanism in place to periodically monitor and review the implementation of this policy.

Products and effective Penal charges

1. Penal charges would be applicable for all the loan products offered by the Company.
2. The Company shall levy Penal charges @ 36% p.a. on the overdue amount for overdue period depending on the Loan products which will be mentioned in the sanction letter, KFS and MITC of the Company.
3. Product wise Penal charges would be as under:

Penal Charges): Charges to be levied on overdue EMI in case if borrower defaults to pay EMI on due dates.

Products	Penal Charges% Per Month
CAR	3%
Heavy Commercial Vehicle (HCV)	3%
Light Commercial Vehicles (LCV)	3%
Multi- Utility Vehicles (MUV)	3%
Three-Wheeler Vehicle	3%
MSME (Secured)	3%
MSME (Unsecured)	3%

- Applicable taxes would be charged over and above the various charges to be levied.

Effective date:

The Policy will be effective from 1st April 2024. The instructions as stated in the policy shall be implemented in all the fresh loans availed/ renewed from the effective date. In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date or six months from the effective date of the RBI regulations, whichever is earlier.

Review and Amendment:

This policy shall be reviewed by the Board, at least annually, to ensure its continued effectiveness and compliance with regulatory requirements. The change in this policy shall be approved by the Board of Directors of the Company. Any amendment in the regulatory guidelines shall prevail and necessary amendment shall be carried out at a subsequent date in the policy. The Board of Directors of the Company shall have the right to withdraw and / or amend any part of this policy or the entire policy, at any time, as it deems fit, or from time to time, subject to applicable laws in force and / or guidelines of RBI in this regard.