

# PRODIGEE FINANCE LIMITED

Updated as on 01.10.2024

---

## Policy on Fair Lending Practice – Charging of Interest, Penal charges or Similar charges in loan accounts



## **Policy on Fair Lending Practice – Charging of Interest, Penal charges or Similar charges in loan accounts**

RBI Vide their circular no. RBI/23-24/53, DOR.MCS.REC.28/01.01.001/2023-24 Dated 18<sup>th</sup> August 2023, has communicated their instructions to frame the policy on Penal charges in loan accounts. Further RBI vide their circular no. RBI/2024-25/30 DoS.CO.PPG.SEC.1/11.01.005/2024-25 dated April 29, 2024, has issued instructions on fair practice code for lenders on charging of interest. Accordingly, we the Prodigee Finance Limited, have framed this policy duly approved by the Board.

1. We shall charge the interest from the date of actual disbursement of the funds to the customer. Similarly, in the case of loans being disbursed by cheque, the interest shall be charged on the date of actual debit of cheque amount to our account. We however shall make all loan disbursement through online mode only.
2. Interest shall be charged every month on outstanding balance by calculating on daily reducing basis. In no case interest shall be charged for entire month without consideration of date of disbursement or date of receipt of repayment.
3. Wherever advance EMI are collected, the interest shall be charged on outstanding loan calculated after reducing by advance EMI receipt and not on the full loan amount.
4. Penalty, if any, charged, for non-compliance of material terms and conditions of loan contract or agreement with 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.
5. 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 interest in the loan account.
6. There shall not be any additional component to the rate of interest.
7. The quantum of penal charges is kept reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan/product category. The quantum and reason for penal charges are mentioned in Schedule-1.
8. 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.
9. We shall clearly disclose the quantum and reason of penal charges, in the loan agreement, most important terms and conditions key fact statement as applicable in addition to our website under interest rates and service charges.

10. Whenever reminders for non-compliance of material terms and conditions 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.
11. We shall convey in writing to the borrower in vernacular language as understood by the borrowers by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions on record. We shall mention the penalties charged for late payment in bold in the loan agreement.

**SCHEDULE -1**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Penal Charges</b>
1	Penal charges on overdue in loan account	Penal charges equivalent to 3 percent per month on overdue amount to be charged till the account is regularized. However, no further interest shall be charged on penal charges. GST shall be charged as and when applicable. For Co-Lending, penal charges equivalent to 5 percent per month on the overdue amount to be charged till the account is regularized.
2	Penal charges for non-compliance of any other terms and conditions	Penal charges equivalent to 2 percent per month on balance outstanding amount, to be till the account is regularized. However no further interest shall be charged on penal charges. GST shall be charged as applicable.
Note – Both the penal charges mentioned above shall be independent to each other.		

12. The above policy guidelines shall be effective from 1/10/2024.

The above policy is approved by the board in its meeting held on 01.10.2024



**Amit Goel**  
**Managing Director**