



AHAM HOUSING FINANCE LIMITED

Policy Note on Penal Charges

Summary of Version History

Policy drafted by	National Credit Manager
Policy approved by	Board of Directors
Version 1	17-Nov-2019
Version 2_Current Revision Date/No	January 7, 2026

Introduction:

Aham Housing Finance Limited (hereinafter referred to as “AHFL/ Company”) is a NBFC registered with Reserve Bank of India (RBI) and in the business of lending in retail and wholesale space. RBI has issued the Guidelines on Fair Lending Practices – Penal Charges in Loan Accounts issued by RBI vide its circular bearing No. RBI/2023- 24/54 DoR.MCS.REC.28/01.01.001/2023-24 dated August 18, 2023. As required under these Guidelines, the Company has formulated this Policy which shall come into force from date of approval of the Board of Directors. In case of existing Loan facility/agreements the switchover to new penal charges regime shall be ensured on the next review/ renewal date falling on or before Dec 01, 2026. This will be applicable to all the products as covered in this Policy.

This Policy is to put in place governing principles in determination of penal charges for loans and advances. Penal charges are levied with an intended objective to drive credit discipline in the conduct of the account.

Objective:

The policy has been framed with an objective to lay down the guiding principles for levy/charging penal charges from the customer amongst other reasons, inter alia on account of non-compliance of material terms and conditions of loan contract by the borrower and such charges are not meant to be used as a revenue enhancement tool over and above the contracted rate of interest.

Applicability:

The penal charges policy shall be applicable to all loan product offerings of Aham Housing Finance Limited (The Company). The parameters, thresholds and approval requirements would be applicable for all new and existing loans from the date of acceptance of this policy.

Penal Charges: Policy terms

1. Penal interest shall not be levied by the Company.
2. The penalty charges shall be applicable for all the loan products offered by the Company.
3. Penal charges for the purpose of this Policy represents charges over and above normal interest rates/ fees, levied for default by the borrower in complying with the terms on which loan facilities were sanctioned. The term ‘default’ covers delays in repayment of loan, irregularity in the conduct of the account or non-compliance with material terms of the sanction of the facility.
4. Penal charges are levied primarily to act as deterrent against breach of terms of facility and on account of enhanced credit risk experienced & incremental credit / operating costs incurred.
5. The quantum and reason for penal charges as documented in this policy shall be clearly disclosed to the customers in the loan agreement, sanction letter, Key fact statement, most important terms and conditions (MITC), as applicable, in addition to being displayed on AHFL’s website under Fees & Charges. Any change in the Policy (on account of change in regulation or otherwise) will be communicated to the borrower and the same will be applicable from the date of issue of such revised policy by AHFL.
6. The Penalty charges for non-compliance of material terms and conditions of loan contract detailed in Annexure 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.

7. The quantum of such penal charges shall be commensurate with non-compliance of material terms and conditions of the loan without discriminating between any particular loan / product category.
8. On case to case basis, genuine difficulties of customers which led to such delay in payment / irregularity (e.g. natural calamity, etc.) should be considered with regard to levy of penal charges.
9. **Presently penal charges of 36% per annum (3% per month) will be levied on amounts under default. It is hereby clarified that the penal charges are not only for the delay in repayment this is applicable for any material changes in the terms and conditions of the loans.**
10. **It is clarified that any waiver of these charges may be considered at the sole discretion of the management of the Company after considering factors such as client history, repayment behaviour, reasons for non-compliance, etc.**
11. Such penalty shall not be levied in the form of 'penal interest' that is added to the rate of interest charged. No additional component to the rate of interest shall be charged.
12. There shall be no capitalisation of such charges viz. no further interest computed on such charges.
13. The applicable penal charges will be mentioned in the reminders sent to customers for non-compliance of material terms and conditions.
14. **In case of existing loans, the instructions laid out in Fair Lending Practice - Penal Charges in Loan Accounts shall come into effect from January 01, 2026, and the switchover to new penal charges shall be in accordance with the instructions stipulated in RBI Circular on "Fair Lending Practice - Penal Charges in Loan Accounts".**
15. 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. No additional component shall be added to the rate of interest to ensure compliance to these guidelines in both letter and spirit.
16. The quantum of penal charges shall be reasonable and commensurate with then on compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.
17. 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.
18. The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers in the loan agreement and most important terms & conditions and disclosed on the website under Interest and Service Charges apart from the above disclosure.

Effective date:

These instructions shall come into effect from January 01, 2026. The instructions as stated in the policy shall be implemented in all the fresh & existing loans availed / renewed from the effective date. In the case of existing loans, whichever is earlier.

Reviews:

The Penal Charges Policy shall be reviewed as and when required. Any amendment in the Policy shall be made after taking the due approval from the Board of Directors of AHFL and it shall be in line with RBI or such other regulators based on their laws, regulations, requirements/updates/ amendments from time to time.

Annexure 1

Sr. No.	Events of non-compliance	Charges	Quantum
1	ECS return / auto debit return / NACH bounce / Cheque return	ECS return / auto debit return / NACH bounce charges/ Cheque returns charges	Rs. 250 + GST per instance
2	Swapping mandate to cheque in place of ECS / Auto debit / NACH	Swapping charges	Rs.500/- + GST
3	Non PDC/Non Mandate Collection for PEMI/EMI where AHFL has to follow up for payments	Non mandate collection charges	Rs.500/- + GST per instance
4	Where cash is being paid by the borrower in place of cheques / ECS / Auto debit /NACH	Cash handling charges	Rs.200 + GST per instance
5	Default in payment of EMI / PEMI or any other amounts payable in respect of the loan remaining unpaid or fully not paid on the respective due dates	Delayed payment charges	Penal charges at a rate plus applicable taxes on the EMIs, PEMIs amount delayed, maximum upto 36% per annum. Such penal charges will not be compounded
6	Failure of creation of security on the immovable property in favour of the Company	Security creation charges	<p>In respect of purchase of properties: Non-receipt of sale deed within 45 days from the date of registration of the property will attract penal charges at the rate of 2% per annum. on outstanding liability from the due date for receipt of title deeds till the actual receipt of title/sale deed.</p> <p>In case of takeover cases: If the registered title deeds are not submitted by the borrower within 30 days, penal charges of 3% per annum. on the outstanding liability from the due date for receipt of the original documents till the actual receipt of the original documents will be charged.</p> <p>In case of Vendor takeover: If the title deeds are not registered and not submitted by the borrower within 45 days,</p>

			<p>penal charges of 3% per annum. on the outstanding liability from the due date for receipt of the original documents till the actual receipt of the original documents will be charged.</p> <p>The above mentioned charges will not be compounded.</p>
7	Failure to non collecting the security documents on closure of the loan	Custodial charges	Rs. 2,000/- per month + GST (if applicable) for a period beyond 45 days from the date of closure of the loan till the date the original documents are collected by the borrower.