

Dear Customer,

The Reserve Bank of India (RBI) advised the Banks to charge penal charges instead of Penal Interest, in case of default committed by borrowers and such Penal Interest should not be capitalised. However, this shall not affect the normal procedure for compounding of interest in the Loan Account by the banks.

Penal Charges represent charges over and above the applicable interest rates/ fees, levied by the Borrower towards the default/ breach in complying with the Material Terms of the Loan Contract/ Facility Agreement. The Penal Charges will primarily function as a deterrent against the breach/ default of the Facility/ Loan and are intended to prevent the Borrowers from defaulting on their obligations as specified in the Loan Contract/ Facility Agreement.

Thus IndusInd Bank Ltd. has also streamlined its process in consonance with the RBI Guidelines and has updated the Material Terms and Conditions, besides levying of Penal Charges for various breaches in non-compliance of terms and conditions of the sanctioning of facility, which are detailed in the schedule A mentioned at the end of this letter.

Regardless of the reason for the above mentioned change, it is clarified that wherever term and conditions for charging of additional interest/ default interest/ penal interest and various other provisions wherever word penal interest is defined or mentioned in the agreements, the same stands replaced with above penal charges, which shall form the part of the earlier executed Facility agreements/various other agreements and any reference to the Terms/ additional interest/ default interest/ penal interest shall be referred to as penal charges, Also for all intents and purposes and the borrower/Co-borrower/Mortgagor therein referred to in the sanction letter/Facility agreement/Mortgage documents shall be bound to abide the material terms and conditions and in case of default or breach in any terms and conditions the bank shall be forced to charge penal charges as detailed in the schedule below.

Thus the Borrower hereinafter referred which term shall also include Co-borrower/Mortgagors/guarantors shall be bound by the below mentioned undertakings alongwith as prescribed in the Facility agreements/other agreements executed:

The Borrower acknowledges that all interest due and unpaid on the due date shall be capitalised and added to the unpaid interest (including unpaid monthly instalments) on the due date and shall henceforth carry interest at the applicable interest rate on a compounding basis, payable on the aggregate amount, which will be due till the amount is paid/ repaid.

Without prejudice to the Bank's rights and remedies under contract and/ or law, if any amount due under the Facility continues to remain unpaid on the due

date or the Borrower fails to create security and/ or commits breach of any of the Material Terms of the Facility, the Bank shall have the right to levy and recover Penal Charges, at its sole discretion, at the rate specified in the Annexure. On the levy of such Penal Charges, the Borrower shall pay the Penal Charges along with the applicable Goods and Services Tax (GST), other taxes (of any description whatsoever), charges and penalties, which may be payable as per the applicable laws, from time to time, in relation to the Facility.

The Borrower acknowledges and agrees that the Penal Charges are reasonable and correspond to non-compliance with the Material Terms of the Facility Agreement. The Transaction Documents shall be read in conjunction with this letter.

SCHEDULE A

(Penal Charges for breach of Material Terms and Conditions)

Term Loan	Interest Method	Penal Charge (non-Ageing / on non-payment within 3 days of Due date)		
		Penal Charge	Bounce Fee on bounce / SI failure for financial reason	Foreclosure charges
LAP	Schedule Balance	2% + GST on total overdue (P+I) or Rs 100 + GST whichever is higher	Rs 500 + GST	Upto 4% + Taxes, lock in conditions may apply