

**Penal Charges for Non-Compliances of Material Terms & Conditions applicable for**

**Export-Import Bank of India**

In compliance with RBI's communication regarding Fair Lending Practice - Penal Charges in Loan Accounts (RBI/2023-24/53 DoR.MCS.REC.28/01.01.001/2023-24 dated August 18, 2023, and DoR.MCS.REC.61/01.01.001/2023-24 dated December 29, 2023), Exim Bank has formulated the following schedule:

This will be effective on immediate basis and shall be applicable for all existing and fresh sanctions.

S.No.	Particulars	Applicable Rate
1.	Charges on the overdue amount of principal/ interest/ service fee, etc., for the period they remain unpaid beyond their due date	<p>Penal charges - @ 2% p.a. plus applicable taxes will be charged on the overdue amount of principal/ Interest/ service fee, etc.</p> <p>Penal charges will be applied for the period, the dues remain unpaid beyond their due date.</p> <p>The Bank shall charge interest on unpaid interest amount at the contracted interest rate till the date of its payment.</p>
2.	Funded amount fallen due on account of invocation of BG/ devolvement of LC, etc., if any	<p>Appropriate rate of interest on the devolved amount and penal charges - @ 2% p.a. + applicable taxes</p> <p>if the borrower fails to repay the entire overdue amount by the due date i.e. the date of devolvement.</p>
3.	Crystallisation of Foreign Currency loans into Rupee	Appropriate rate of interest on the crystallised amount and penal charges - @ 2% p.a. +

		applicable taxes if the borrower fails to repay the entire overdue amount by the due date.
4.	Delayed completion of Mortgage / Security perfection	<p><b>For fund-based facilities:</b> Penal charges - @ 1% p.a. on the loan outstanding + applicable taxes.</p> <p><b>For non-fund based facilities:</b> Penal charges @ 0.25% p.a. on the outstanding amount + applicable taxes.</p>
5.	<p>Non-compliance with following Material Terms &amp; Conditions of sanction, as stipulated in the sanction letter, <u>to the extent applicable:</u></p> <ul style="list-style-type: none"> <li>• Project Progress reports within 30 days from the end of the of the each quarter, till project implementation, and thereafter within 30 days from the end of each half-year post commercial operation date on a half-yearly basis;</li> <li>• Project Completion Certificate from Statutory Auditor within 30 days of declaration of commercial production (terms in sanction letter will be applicable);</li> <li>• Two copies of audited financial statements of the Borrower as well as Corporate Guarantor, for each financial year as soon as available but within 180 days after the end of such financial year, during the currency of the Loan;</li> </ul>	<p><b>For fund-based facilities:</b> Penal charges @ 1% p.a. on the loan outstanding + applicable taxes.</p> <p><b>For non-fund based facilities:</b> Penal charges @ 0.25% p.a. on the outstanding amount + applicable taxes.</p>

	<ul style="list-style-type: none"> <li>• Unaudited quarterly results within 45 days from the end of the quarter for Borrower as well as the Corporate Guarantor;</li> <li>• A certified copy of insurance policy, insuring assets charged to Exim Bank as security for the term loan against “all risks”, duly noting Exim Bank as the lender (with Bank Clause and Reinstatement Value Clause). The Borrower shall keep policy valid during the tenor of the loan;</li> <li>• Due Diligence Report as per RBI guidelines, for each financial year for the Borrower as well as the Corporate Guarantor, as soon as available but within 90 days after end of such financial year, during the currency of the Loan;</li> <li>• Confirmation of outstanding balances at the end of each financial year, or oftener, so desired by Exim Bank, within 15 days of the end of the period for which balance confirmation is sought;</li> <li>• Unhedged Foreign Currency Exposure (UFCE) Certificate on Quarterly basis or at such periodic intervals, in line with regulatory guidelines.</li> <li>• Company should submit, within 30 days of the disbursement, an end-utilisation certificate from Independent Chartered</li> </ul>	
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	<p>Accountant / Statutory Auditors (as applicable in sanction letter) inter-alia confirming end use of funds.</p> <ul style="list-style-type: none"> <li>• Obtaining External Credit Rating (ECR) of the Bank's exposure within the stipulated timeline as per sanction terms.</li> <li>• Submission of stock and book debts statements within stipulated timelines.</li> <li>• Any other term(s) stipulated in the sanction letter and considered material by Exim Bank.</li> </ul>	
6.	Breach of stipulated financial covenants	Exim Bank will have the right to revise the rate of interest / commission being charged to the borrower (terms in sanction letter will be applicable).
7.	Downgrading of External Credit Rating.	Exim Bank will have the right to revise the rate of interest / commission being charged to the borrower (terms in sanction letter will be applicable).

- Penal charges shall not exceed 1% p.a. of the outstanding balance for fund-based facilities and 0.25% p.a. for non-funded facilities, irrespective of the number of non-compliance instances with the material terms, except for instances given under sr. no. 1, 2 and 3.
- Penal charges will be calculated for actual number of days of default but will be charged on a monthly basis.

- There shall be no capitalisation of penal charges i.e. no further interest shall be computed on such charges.
- In the event of no. of days permitted by the Bank for compliance of a particular material condition is different from no. of days mentioned above (for that respective material condition), no. of days provided in the sanction letter will be applicable.
- Payment of penal charges mentioned above, by the Borrower shall not be in any manner prejudice to the rights of Exim Bank to initiate action against the Borrower for any default / non-compliance of terms of the sanction.
- Exim Bank reserves the right to revise the above-mentioned charges on account of any revision in regulatory guidelines by RBI/Government of India, etc. applicable to Exim Bank or revision in internal guidelines of the Bank from time to time.
- Please note that this policy will be applicable to the borrowers availing Rupee fund based and non-fund based credit facilities, (excluding Rupee export credit). This policy is not applicable for foreign currency credit facilities, Rupee export credit and Structured Obligations.
- GST on penal charges will be applicable as per the extant guidelines and based on instructions and clarifications issued by the Central Board of Indirect Taxes & Customs (CBIC) from time to time in this regard.