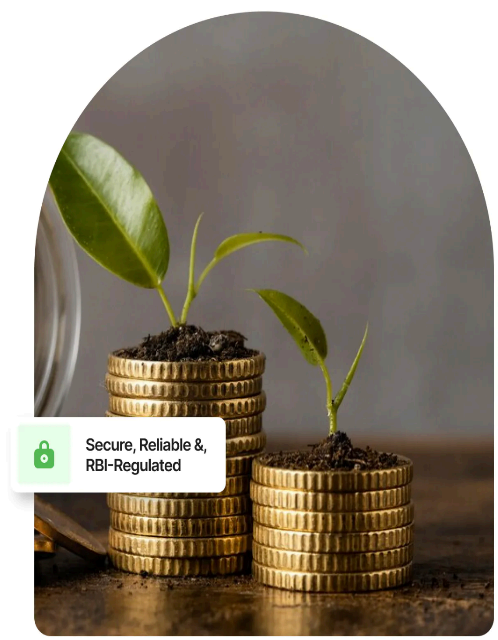
AMBIUM FINSERVE LIMITED
(FORMERLY AMBIUM FINSERVE PRIVATE LIMITED)

Empowering Businesses with Personalised Financial Solutions

Unlock opportunities with our personalised B2B loans, crafted to drive your business forward.



PENAL CHARGES POLICY

Document Versioning

Name of the document	**Penal Charges Policy**
Issuing Authority	Board of Directors
Effective date of the Policy	3rd January 2024
Policy Owner	Chief Investment Officer
Last reviewed on	18th June 2026
Next review date	15 June 2027, if required

Version History

Version	Revision Summary	Approving Authority	Effective Date
0	Original	Board of Directors	1 June 2017
1	Version 1	Board of Directors	27 September 2023
2	Version 2	Board of Directors	3rd January 2024
3	Version 3	Board of Directors	29th May 2025
4	Version 4	Board of Directors	18th June 2026

I. Introduction

Vide circular DoR.MCS.REC.28/01.01.001/2023-24 dated August 18, 2023 Reserve Bank of India (RBI) has brought out the concept of penal charges in Fair lending Practice of loans by Banks and NBFCs. Regulated Entities (REs) are required to ensure reasonableness and transparency in disclosure of levy of penal charges and this calls for formulation of Board approved policy for levy of penal charges.

2. 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.

3. Applicability

The penal charges policy shall be applicable to all loan product offerings of Ambium Finserve Limited (The Company), as may be made applicable and in accordance with the transaction documents executed.

3. Penal Charges: Policy terms

1. Penal interest shall not be levied by the Company, except for a default interest rate which shall be instituted only where there are defaults in payment of dues by the Borrower.

2. Penalty, if charged, for non-compliance of material terms and conditions of loan contract such as covenants, including reporting covenants, 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. 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.

4. 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.

5. Reminders/ letters for non-compliance of material terms and conditions of loan sent to borrowers shall mention the applicable penal charges.

6. 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 / Key Fact Statement (KFS) as applicable, in addition to being displayed on Company's website under Interest rates and Service Charges.

Effective date:

This policy shall come into effect from 3rd January 2024 ("Effective Date"). 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 these instructions, whichever is earlier.

Review:

The Penal charges policy shall be subject to review by the Board of Directors periodically as per requirement and in any case once in every year.

Compliance with Policy:

For transactions undertaken, implementation of the principles of this Policy shall be maintained as follows:

(i) the leading credit/risk associate shall be the maker for the conformity with the Policy;

(ii) Post the maker review, any member of the Executive Committee of the Board of Directors, or any such person as may be authorized by the Board shall confirm the compliance with the Policy as checker.

END OF DOCUMENT

This document is the property of Ambium Finserve Limited.