

## Summary of Policy

<b>Policy Name</b>	<b>Policy for determining Interest Rate, Processing &amp; other charges</b>
Regulatory References	<ul style="list-style-type: none"><li>• Complaints about excessive interest charged by NBFCs dated May 24, 2007.</li><li>• Regulation of excessive interest charged by NBFCs dated January 02, 2009.</li><li>• Fair Lending Practice- Penal Charges in Loan Accounts dated August 18, 2023.</li></ul>
Review Cycle	Annually and in the event of change in regulatory guidelines.
Approver	Board of Directors of Vishawas Finvest Private Limited
Latest Approval / Review Date	December 2023
Version	2.1

## Introduction

Vishawas Finvest Private Limited (“**the Company**”) is a Non-Systemically Important Non Deposit Non-Banking Finance Company (“NBFC –ND-SI”) incorporated under Companies Act, 2013 and duly registered with Reserve Bank of India.

The Reserve Bank of India (RBI), had vide its Circular DNBS / PD / CC No. 95/ 03.05.002/ 2006-07 dated May 24, 2007 advised the Board of Non-Banking Finance Companies(“NBFC”) to lay out appropriate internal principles and procedures in determining interest rates, processing and other charges. Further, vide circular DNBS (PD)C.C. No. 133 /03.10.001/ 2008-09 January 2, 2009, RBI advised the NBFCs to adopt appropriate interest rate model taking into account relevant factors and to disclose the rate of interest, gradations of risk and rationale for charging different rates of interest to different category of borrowers. In furtherance, RBI vide circular on Fair Lending Practice - Penal Charges in Loan Accounts dated August 18, 2023 has released guidelines to ensure reasonableness and transparency in disclosure of penalties to the customers.

Keeping in view the RBI Guidelines cited above, the internal guiding principle and interest rate model have been laid out by the Board of Vishawas Finvest Private Limited (“the Company”). This Policy should always be read in conjunction with RBI guidelines, directives, circulars and instructions.

## Organisation Structure

The Board of Directors shall have oversight for the policy on determining Interest Rate, Processing fee & other charges (“Interest Rate Policy”) of Vishawas Finvest Private Limited. In order to ensure effective implementation of the interest Rate Policy, the Board may delegate the implementation of the Policy and its operational aspects to the Managing Director / Executive Committee as may be deemed fit.

## Processing /Documentation and Other Charges

### **(i) Sourcing Costs at the time of the application:**

- These costs are incurred by the Company before the customer takes his loan disbursement and will be covered through the charges deducted or collected from the disbursement amount. These costs include acquisitions, verification, legal & valuation, credit appraisal etc.
- All Processing /documentation and other charges recovered are expressly stated in the loan execution documents. They may vary based on the loan product, exposure limit customer segment, geographical location of customer etc.
- In the event of cancellation of loans at the behest of the customer, or due to insufficiencies identified in the details submitted by the customers, the Company shall have the right to levy cancellation charges on the customers due to the cost incurred by the Company. The Company shall not levy processing fees for customers to whom cancellations charges are levied. In case, processing fees has been paid by the customers, the same shall be set off from the cancellation charges. **Annexure 1**

**(ii) Costs incurred during the tenure of the loan:**

- a) Besides interest, other financial charges such as cheque bouncing charges, cheque swaps, cash handling charges, RTGS/other remittance charges, commitment fees, charges on various other services or such other charges as may be communicated/ intimated to the customer through the sanction letter/ loan agreement would be levied by the Company wherever considered necessary or through any other mode thereafter.
- Besides these, statutory charges such as the goods and service tax and other cess would be collected at applicable/ prevailing rates from time to time. Any revision in these charges would be with prospective effect. These charges would be decided collectively by the management of the Company. **Annexure 2**

**b) Penalties levied on the Customer (Effective from January 01, 2024)**

- Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penalties'. These penalties shall also cover charges levied on the customer for delay in payment of their overdue EMI.
- There shall be no capitalisation of penalties i.e., no further interest computed on such charges.
- The Company shall not introduce any additional component to the rate of interest.
- The quantum of penalties 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.
- The penalties 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.
- The quantum and reason for penalties shall be clearly disclosed by 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.
- Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penalties shall be communicated. Further, any instance of levy of penalties and the reason thereof shall also be communicated.
- Requirements mentioned in this clause shall be applicable in respect of all the fresh loans availed / renewed from January 01, 2024. In the case of existing loans, the switchover to new penalties shall be ensured on next review or renewal date or six months from the effective date, whichever is earlier. **Annexure 2**

**(ii) Charges applicable at the time of closure of the loan:**

These will include pre-payment & foreclosure charges subject to RBI guidelines, repossession and other legal expenses related to recovery of over dues.

The Company shall levy the charges in accordance with the agreements executed with the customer/any subsequent changes as communicated.

All charges and any revisions thereof are approved by the Executive Committee of the Management as a part of the product manuals or separately. Such changes/ revisions thereof shall also be submitted to the Board in the subsequent Board meeting. **Annexure 3**

**Amendment:**

Any change in the policy shall be approved by the Board of Directors of the Company. Any amendment in the regulatory guidelines shall prevail and necessary amendment shall be carried out at a subsequent date in the policy. The Board of Directors of the Company shall have the right to withdraw and / or amend any part of this policy or the entire policy, at any time, as it deems fit, or from time to time, subject to applicable law in force.

**Annexure 1**

**DETAILS OF FEES/DOCUMENTATION/OTHER CHARGES**

S.No.	Particulars	Corporate Borrowers	Consumer Borrowers
1	Processing Fee	3% + GST	3% + GST
2	Legal (TSR Valuation Charges)	Rs. 3600 (included GST)	Rs. 3600 (included GST)
3	Loan Suraksha (Customer Insurance)	Premium as per Insurance Company	Premium as per Insurance Company
4	Loan Statement & Duplicate Repayment Schedule /LOD	Rs. 250	Rs. 250

**Annexure 2**

**DETAILS OF PENALTIES/FEES/CHARGES**

S.No.	Particulars	Corporate Borrowers	Consumer Borrowers
1	Late Payment Interest Charges	36% P.A. of Overdue Amount	36% P.A. of Overdue Amount
2	Bounce Charges	Rs. 500 + GST	Rs. 500 + GST

### DETAILS OF FORECLOSURE CHARGES

S.No.	Particulars	Corporate Borrowers	Consumer Borrowers
1	Foreclosure Charges	4% of Outstanding Amount +18% GST	4% of Outstanding Amt. +18% GST

### Pricing Grid

In line with regulatory requirements and the approach mentioned above to determine the pricing of loans, the floor pricing of the loans is being proposed basis the risk category of the customer as below. This policy will be applicable with immediate effect and any changes to this policy can be done at ALCO committee including releasing of product wise, state wise and distribution channel wise pricing grid wise going forward and annual review of board. At present the annualized rate of Interest to be charged to customers, at the time of sanctioning loans, shall be in the range as mentioned below.

Parameters	Secured Lending	Unsecured Lending
Loan Amount	Upto 10 Lakhs	Upto 3 Lakhs
Tenor	Upto 3 to 7 Years	Upto 4 Years
Range of Interest Rate (Fixed Rate)	22%-28%	24%-30%
Up ROI Upper Cap	28%	30%

*In exceptional circumstances, based on risk perception, they may fall outside the indicated range and same has been delegated with CEO of the company.*

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### Review / Modifications

This policy shall be reviewed on a periodic basis as and when statutory requirements or management decision and depending on requirements, the reviews may be done at shorter intervals. Any changes in the policy except as required by legal and regulatory changes shall be made with the approval of the Board/ Risk Management Committee.