

SARVAGRAM FINCARE INTEREST RATE POLICY

Introduction

This Policy aims to lay down the appropriate internal principles and procedures in determining interest rates, processing fee and other charges for the loan products offered by SarvaGram FinCare Private Limited (Company) to its customers.

The Interest Rate Policy has been made as per RBI/DNBR/2016-17/44 Master Direction DNBR.PD.007/03.10.119/2016-17 dated September 1, 2016 and updated as on February 22, 2019 as applicable to Non-Banking Finance Company – Non-Systematically Important Non-Deposit taking Company issued by The Reserve Bank of India (RBI).

Interest Rate

The Company has adopted a risk-based approach to Customer Segment and Client classification for determining applicable rate of interest. This will differ for each segment and client, primarily based on risk factors such as entity structure, industry, net worth, leveraging, and nature of proposed loan. Hence the rates of interest for the same product and tenor availed during same period by different customers cannot be standardized.

Primarily, the interest rates charged by the Company shall be based on the following parameters with such modification as may be deemed necessary:

- Cost of borrowings
- Operating costs
- Risk premium, factoring the inherent credit and default risk in the product and customer segment
- Historical performance of similar homogenous pools of borrowers
- Interest rate trend in the market
- Maintaining stakeholders' expectation for a reasonable and competitive rate of return

The Board of Directors of the Company shall review the Interest rates on such periodicity as may be deemed necessary and modify the same depending upon the market trends.

The interest rate shall be determined based on:

- Risk profile of the customer – assessment of quantum, variability and periodicity of cash flows of the customer
- Nature and value of primary and collateral securities
- Past repayment track record of customer
- External rating of the customers and credit bureau information
- Tenor of customer relationship
- Industry trends
- Offerings by competition

As a deterrent against willful delinquency, and to encourage adherence to the terms and conditions of the loan agreement, the Company may charge an additional/ penal interest rate as required, to be communicated to the borrower in a manner as detailed in the loan agreements or in an adequately suitable mode and manner.

Processing Fee/Upfront Fee

Processing fee shall be based on the quantum of work involved in credit appraisal, reference checks with Credit bureaus, volume of documentation involved, other incidental expenses involved in the transaction and negotiation with customer.

The Board of Directors of the Company may from time to time review the guidelines for charging processing fee.

General

- Interest rates could be fixed or floating. Floating rate loans would be benchmarked as per extant regulatory guidelines.
- For individual borrowers, the prepayment charges for floating rate loans will be NIL.
- Applicable interest rates would be communicated to the borrower through detailed sanction letters. The sanction letters shall clearly state the terms and conditions of the loan and also the annualized interest rate applicable on the loan. The borrower shall also be provided with a copy of the repayment schedule that shows the breakup of principal and interest that are payable by the borrower.
- The Company may also charge other financial charges like cheque bouncing charges, late payment charges, reschedulement charges, prepayment/ foreclosure charges, part disbursement charges, cheque swap charges, security swap charges, charges for issue of statement account etc. wherever considered necessary.
- A prepayment / foreclosure charge (as permitted) will be charged based on the costs incurred by the Company, including but not limited to break costs, customer acquisition costs and business segment / product.
- The Company may also collect any applicable duties, taxes and other cesses that may be applicable at the time of sanction / disbursal. Any revision in these charges would be from prospective effect.
- The Company reserves the sole right to decide on any refund or waiver of charges / penal interest / additional interest.

Any revision in the Policy for determining Interest Rates, Processing and Other Charges would be reviewed and approved by the Board.

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