



POLICY TO DETERMINE INTEREST RATES, PROCESSING AND OTHER CHARGES

1) APPLICABILITY

This Policy to Determine Interest Rates, Processing and Other Charges applies to Smart Prism Fincap Private Limited (“SPFPL” or the “Company”).

2) PURPOSE AND OVERVIEW

The Reserve Bank of India vide Guidelines on Fair Practice Code for NBFCs under Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, have directed NBFCs that their respective Boards should adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

3) POLICY STANDARDS

- a) Lending rates: Lending rates will be calculated taking into consideration SPFPL’s weighted average cost of funds, credit costs, overheads and other administrative costs.
- b) Cost of funds: The cost of funds will depend on the different types of funding sources tapped by SPFPL to fund its business. Various sources will consist of equity, bank loans, debentures, commercial papers and other money market instruments.
- c) Lending products: The interest rate for loans for different business segments and products within that business segments may differ due to the nature of the segment or product and relative gradation of risk.
- d) Interest on Lending products: The interest rate for a business segment or product would factor various elements like the Company’s cost of funds and credit risk premium, tenor premium, sourcing cost, operating cost, margin & interest rate trend prevailing in the market for the specific business segment/ product. Specific rate applicable to a customer will also consider other risk factors as mentioned under ‘Gradations of Risk’ below.
- e) Gradations of Risk: Some of the key factors/ gradations of risk that impact interest rate may be:
 - i) Business risk, industry risk, market position, market reputation, vintage of the business, competition;
 - ii) Size and nature of the business, geographic location of the borrower;
 - iii) Historical performance of similar homogenous pools of borrowers;
 - iv) Profile and incorporation of the borrower, strength and experience of group;
 - v) Length of relationship with the borrower, repayment track record if existing borrower, credit history of the borrower available from various sources;
 - vi) Credit and default risk in the related business segment/ product e.g. interest rate may be higher for borrowers with lower credit scores/ ratings;
 - vii) Nature and value of primary collateral and additional security;
 - viii) Existing and expected/ projected financial position of the borrower, sustainability of cash flow of the borrower;
 - ix) Financial flexibility of the borrower; and



- x) Tenure of the loan e.g. interest rate may be higher for longer tenure loans.
- f) Duration: The rate of interest for the same product and duration need not be standardized. It could vary for different customers depending any one or a combination of the above factors.
- g) Types of Interest rates: interest rates may be fixed or floating linked to a market reference index after accounting for adjustments.
- h) Communication of Interest Rates: Applicable interest rates will be communicated to the borrower. The Company, in the Sanction Letter and Loan Agreement, will clearly state the terms and conditions of the loan and the annualized interest rate applicable on the loan.
- i) Repayments: All amounts, including interest and principal shall be payable immediately on the due date as provided in the repayment schedule/ sanction letter/ MITCs and no grace period for any payments is allowed.
- j) Penal Interest Rate: As a deterrent against willful delinquency, and to encourage adherence to the terms and conditions of the loan agreement, SPFPL may charge an additional/ penal interest rate as agreed with the borrower.
- k) Other Charges: SPFPL may levy various other financial charges like processing fees, cheque bouncing charges, late payment charges, prepayment/ foreclosure charges, part charges for issue of statement account, disbursement charges, cheque swap charges, security swap charges, origination fees, re-scheduling charges etc. wherever considered necessary.
- l) Variation in Other Charges: Various charges may vary depending on the business segment/ product, assets being financed, expenses incurred in sourcing of business, geographical location/ customer segment and cost incurred in rendering service to the customer etc.
- m) SPFPL shall also collect any applicable stamp duties, service taxes and other statutory/ regulatory charges that may be applicable at the time of sanction/ disbursal.
- n) Any revision in the approach for Determining Interest Rates, Processing and Other Charges would be approved by the Board.
- o) Range of Rate of Interest (RoI)- SPFPL will charge rates of interest starting at 12% (on annualized basis) for the loans sanctioned/ disbursed by it under various products/ segments. The RoI applicable to a customer will depend on the factors enumerated above.

4) AUTHORITY

- a) The Board of Directors will have authority to define/ review/ revise the Company's Range of Rate of Interest applicable on the loans sanctioned/ disbursed by the Company.
- b) The Whole Time Director of the Company or an official to whom authority is delegated by him will have authority to approve Rate of Interest (in case of Fixed Rate Loans) that may be charged to a customer.
- c) The Whole Time Director of the Company or an official to whom authority is delegated by him will have authority to approve fee and charges to be charged on various loans/ credit exposures.
- d) The Board of Directors will have authority to review and amend the Policy as and when required. However, the Board of the Company will review the Policy once in a year
- e) The Board will oversee implementation of the Policy.



List of Charges as of 11th February, 2021

Cheque/ ECS Bounce Charges	Rs 500 + GST
Default Penal Charges	2.99% of pending amount per month
Cash Handling Charges	1% of amount paid
Cheque/ ECS swapping charges	Rs 500 per swap + GST
Collection/ Pickup Charges	As per actuals
Legal Charges	As per actuals
Recovery Charges	As per actuals
Statement of Account (Provisional)/ Foreclosure Statement Charges	Rs 100 + GST
Prepayment/ Foreclosure Charges	4% + GST Prepayment not allowed prior to payment of 3 rd EMI. Part Prepayment not allowed. Service tax as applicable, would be charged additionally.
