

INTEREST RATE POLICY

Preamble

Sarvagram Fincare Private Limited (“**Company**”) is a Non-Banking Financial Company (“**NBFC**”) operating under the Reserve Bank of India (“**RBI**”) regulations/directions and its activities are governed by the various Indian laws and RBI regulations/directions. This Policy is intended to be representative of the Company guiding philosophy of dealing with customers in a transparent and open manner. In accordance with the applicable RBI guidelines, the Company has documented Interest Rate Policy / Model approved by the board of directors of the Company, which lays down internal principles and procedures in determining interest rates and other charges on the loan products offered by the Company. The Company has authorized the Chief Risk Officer to review the interest rates under this Policy from time to time, basis the money market situation and take suitable decisions in this regard.

The Company is committed to and conducts its business activities lawfully and in a manner that is consistent with its compliance obligations. Activities of the Company are conducted in line with RBI / other applicable laws and prevailing local regulations/rules/laws/Acts. In the event this Policy is at variance with regulations/rules/laws/Acts at any stage due to omissions or changes in regulations/rules /laws/Acts, the regulations/rules/laws/Acts would prevail. If any clarifications are needed on these regulations/rules /laws/Acts, the same must be referred to Chief Risk Officer for its final opinion on the issue.

This policy takes in to account relevant factors such as cost of funds, margin and risk premium etc., and determine the rate of interest to be charged for loans and advances. Further, the directive states that the rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different category of borrowers should be communicated to the borrowers / customers in the sanction letters issued to them.

Objective of the Policy

To arrive at the benchmark rates to be used for different category of customer segments and to decide on the principles and approach of charging spreads to arrive at final rates charged from customers.

Review of Policy

The Policy shall be reviewed once in a year or in between if required due to changes required in the model, for example any addition/deletion of a particular component forming part of benchmark calculation.

Organization Structure

- **Board of Directors**

The Board of Directors shall have oversight for the Interest Rate Policy of the Company. In order to ensure effective implementation of the Interest Rate Policy, the Board of Directors may delegate the implementation of the Policy and its operational aspects to the Managing Director and/or ALCO as deemed fit.

- **Asset Liability Committee**

The Asset Liability Committee of the Company (ALCO) shall be responsible for taking decision to change the benchmark rate. The ALCO meeting will be held on a regular basis and any changes / status quo in the benchmark rate would be discussed and decided by the members of the ALCO and would be put up to the Board of Directors in subsequent meeting.

Business can have their internal pricing policies under the overall framework of board approved interest rate policy for company in deciding the spreads to arrive at final rate. Changes to business level internal pricing policies, if any, would need to be approved jointly by any -two officers of the Company as per the matrix below:

Sr. No.	Designation
1	Managing Director and CEO
2	Executive Director and Business Head
3	Chief Financial Officer
4	Chief Risk Officer
5	Treasurer
6	Respective Business Head/Zonal Heads

Interest rate Model

The Company lends money to its customers through Fixed rate loans. The Company being a diversified NBFC lends money through various products to cater the needs of different category of customers.

Fixed rate loans are not linked to benchmark but are decided based on their COF (allocated through Fund transfer pricing), Operational expenditure, Business related risks and desired ROE/ROA. Factors affecting calculation of spreads to arrive at final rate are mentioned below.

Principles and procedures for charging spreads to calculate final rate

The rate of interest for loans for various business segments and various schemes thereunder is arrived after adjusting for spread by the relevant business segment. Factors taken into account by businesses for calculating spreads are as follows:

- Interest rate risk
- Credit and default risk in the related business segment
- Historical performance of similar homogeneous clients
- Profile of the borrower
- Industry segment
- Repayment track record of the borrower
- Nature and value of collateral security
- Secured Vs unsecured loan
- Subvention available

- Ticket size of loan
- Bureau Score
- Tenure of Loan
- Location delinquency and collection performance
- Customer Indebtedness (other existing loans)

The rate of interest for the same product and tenor availed during same period by different customers need not be the same-. It could vary for different customers depending upon consideration of all or combination of above factors. Businesses also use external benchmarks for pricing the loans from time to time.

Other Charges

Besides interest, other financial charges like processing fees, origination fees, cheque bouncing charges, late payment charges, re-scheduling charges, pre-payment / foreclosure charges, part disbursement charges, cheque swap charges, security swap charges, charges for issue of statement account etc., would be levied by the company wherever considered necessary. Besides these charges, stamp duty, service tax / GST and other cess would be collected at applicable rates from time to time. Any revision in these charges would be implemented prospective basis with due communication to customers. These charges would be decided upon by the respective business / Function heads in consultation with Operations, Finance, Compliance and Legal Heads.

Communication Framework

The Company will communicate the effective rate of interest to customers at the time of sanction / availing of the loan through the acceptable mode of communication.

Interest Rate Policy would be uploaded on the website of the Company and any change in the benchmark rates and charges for existing customers would be uploaded on the website of the Company.

Changes in the rates and charges for existing customers would also be communicated to them through various modes communication such as website updation, email, letters, SMS, etc.

The Company will display its interest rate policy and broad interest rate structure on its website in line with RBI Directions/Regulations.

Amendments to the Interest Rate Policy

The Board of Directors hereby authorizes the Managing Director to review and make appropriate changes to the Interest Rate Policy from time-to-time basis the money market scenario in India which includes the upward / downward revision in interest rates applicable to various loan products and the relevant charges applicable for such loan products.
