

VEE ESS CAPFIN PRIVATE LIMITED

INTEREST RATE POLICY

1. Background

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 Boards 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, . The RBI has further issued the Master Direction- Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Direction, 2023dated October 19, 2023 , which Master Direction, as amended from time to time is applicable to inter alia NBFCs – Base Layer(NBFCs-BL), and which contains requirements on fair practices codes to be adopted by all such NBFCs.

Keeping in view the RBI Guidelines cited above, the following internal guiding principal and interest rate model are therefore laid out by the Board of the Company. This policy should always be read in conjunction with RBI guidelines, directives, circulars and instructions.

The policy of the Company for determining Interest Rates, Processing and Other Charges is as follows:

2. Interest Rate Model

- (a) The interest rate and yield for each of the loan product would be decided by Asset Liability Management Committee from time to time.
- (b) The rate of interest shall be determined based on the cost of borrowed funds, matching tenor cost, market liquidity, refinance avenues, offerings by competition, tenure of customer relationship, cost of disbursements (Cost of Fund). In addition to the cost of funds, the rate of interest shall further be determined based on the inherent credit and default risk in the products and customer per se arising from customer segment, profile of the customers, professional qualification, stability in earning and employment and repayment ability, overall customer yield, risk premium, nature and value of primary and collateral securities, past repayment track record of the customers, external ratings of the customers , industry trends etc.
- (c) The Company may adopt an interest rate model whereby the rate of interest for same product and tenor availed during same period might differ from customer to customer depending upon consideration of any or combination of a few or all factors listed out in point (b) above. Hence, the interest rate applied would be different from customer to customer on his/ her loans.
- (d) The annualized rate of interest would be intimated to the customer. The interest rates would be offered on fixed, floating and variable basis. The Prime lending rate for the floating rates would be reviewed on quarterly intervals. In case of floating rate of interest, the interest rate would be reviewed and reset on quarterly basis. The interest rate would be computed on daily balances basis and charged on monthly rest or such other rest as the Empowered Committee decides in accordance with applicable rules and regulations.
- (e) Interest rates shall be intimated to the customers at the time of sanction/ availing of the loan

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and the equated installments apportionment towards interest and principal dues shall be made available to the customer.

- (f) Interest changes would be prospective in effect and intimation of change of interest, if any, or other charges would be communicated to the customers.
- (g) In case deemed fit, the Company may consider necessary moratorium for interest payment and repayment of principal with proper built-in pricing.
- (h) In case of staggered disbursements, the rate of interest would be subjected to review and the same may vary according to the prevailing rate at the time of disbursement or as may be decided by the Company.
- (i) The prime lending rate, interest rates and other charges applicable would be hosted on the Company's website and updated from time to time.

3. Processing /documentation and other charges

All processing / documentation and other charges recovered would be expressly stated in the Loan documents. They may vary based on the loan product, exposure limit, customer segment, geographical location and generally represent the cost incurred in rendering the services to the customers. The practices followed by other competitors in the market would also be taken into consideration while deciding the charges.

4. Others

The interest rate models, benchmark prime lending rate (BPLR) and other charges applicable shall be reviewed by the ALM Committee periodically and make suitable recommendations to the Board.
