# InnoVen Capital India Private Ltd

# Pricing Policy

**VERSION CONTROL**

| Version | Date of adoption/renewal | Reason for adoption/change | Approving Authority |
|---|---|---|---|
| 1 | June 21, 2018 | Pursuant to RBI guidelines for NBFC-ND-SI | Board of Directors |
| 2 | September 25, 2019 | Annual Review | Board of Directors |
| 3 | December 8, 2020 | Annual Review | Board of Directors |
| 4 | December 7,2021 | Annual Review | Board of Directors |
| 5 | July 8, 2022 | To incorporate changes suggested by the RBI during Inspection | Board of Directors |
| 6 | September 25, 2023 | Annual Review | Board of Directors |
| 7 | | | |

Reserve Bank of India (RBI) had vide its Circular DNBS / PD / CC No. 95/ 03.05.002/ 2006-07 dated May 24, 2007 advised that 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, RBI advised the NBFCs to adopt appropriate interest rate models 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.

Keeping view of the RBI Guidelines as cited above, the following internal guiding principles and interest rate model are therefore laid out by the board of InnoVen Capital India Private Ltd (the “Company”). This policy should always be read in conjunction with RBI guidelines, directives, circulars and instructions. The Company will apply best industry practices so long as such practice does not conflict with or violate RBI guidelines.

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

1. **Interest Rate Model:**

The business model of the Company focuses on providing credit only to customers meeting the credit standards of the Company for varying tenors. The interest rate applicable to each loan account, within the applicable range is assessed on a case specific basis, based on evaluation of various factors detailed below:

a) Tenor of the Loan & Payment Terms - term of the loan; terms of payment of interest (viz monthly, quarterly, yearly repayment); terms of repayment of principal; moratorium period, bullet payment, back ended payment schedule, zero coupon structured loans, etc.

b) Internal and External Costs of Funds - the rate at which the funds necessary to provide loan facilities to customers are sourced, normally referred to as our external cost of funds. Internal cost of funds being the expected return on equity; is also a relevant factor.

c) Internal cost loading – the costs of doing business. Factors such as the complexity of the transaction, capital risk weightage, the size of the transaction, location of the borrower and other factors that affect the costs associated with a particular transaction would be taken into account before arriving at the final interest rate quoted to a customer.

d) Credit Risk - as a matter of prudence, credit loss (risk) cost would be factored into all transactions. The amount of credit risk cost applicable to a particular transaction depends on the internal assessment of the credit strength of the customer.

e) Structuring Premium: A premium may be applied to a loan in case the loan has any significant structuring elements with respect to collateral, or other aspects of transaction structure.

f) Margin: A markup to reflect other costs / overheads to be charged to the loan and our designed margin.

g) ALCO View & Market Dynamics: Views of the Asset Liability Management Committee (ALCO) of the Board on product pricing with respect to prevailing interest rates offered by peer NBFCs for similar products / services shall be taken into consideration. The forecasts and analysis of ‘what if’ scenarios’ conducted by the ALCO are also relevant factors for determining interest rates to be charged.

h) Other Factors – Matching tenor cost, market liquidity, RBI Policies on credit flow, offerings by competition, stability in earnings and employment, subvention and subsidies available, deviations permitted, further business opportunities, external ratings, industry trends, switchover options will also be relevant factors in determining interest rate to be charged.

**2. Rate of Interest:**

a) Interest rates offered could be on fixed rate basis or floating / variable rate basis.

b) In case of floating/ variable interest rates, the interest rates will be benchmarked to a market linked transparent benchmark, including reference rate of our bankers as maybe agreed with the borrower.

c) The rate of interest for the same product and tenor availed during same period by different customers need not be standardized. The final lending rate applicable to each customer will be assessed based on various factors as detailed in this Policy.

d) At present the Annualized Rate of Interest to be charged to borrowers, at the time of sanctioning loans, shall be in the range of 13% to 17% p.a. In exceptional circumstances, based on risk perception, this may fall outside the indicated range.

e) In case, any loan is sanctioned which is not in the range of 13% -17% in exceptional circumstances such as loan fully backed by Fixed deposit or partially backed by cash collateral, then such deviation in the interest range to be approved by MD.

f) Loan amount, Annualized Rate of Interest and tenure of loan will be communicated to the borrower in the sanction letter and the apportionment of installments towards interest and principal dues shall be made available to the borrower.

g) Besides normal Interest, the Company may levy additional interest for adhoc facilities, penal interest / default interest for any delay or default in making payments of any dues. The details of Penal Interest charges for late repayment will be mentioned in bold in the loan agreement and communicated in the sanction letter.

h) Besides interest, other financial charges like processing charges, cheque bouncing charges, prepayment / foreclosure charges, part disbursement charges, cheque swaps, cash handling charges, RTGS / other remittance charges, commitment fees, charges on various other services like issuing NO DUE certificates, NOC, letters ceding charge on assets/ security, security swap & exchange charges etc. would be levied by the company wherever considered necessary. In addition, the Goods and Services Tax and other taxes, levies or cess would be collected at applicable rates from time to time.

i) The rate of interest applicable to each customer is subject to change as the situation warrants and is subject to the management's perceived risk on a case to case basis.

j) Changes in interest rates would be decided at any periodicity, depending upon change in benchmark rate, market volatility and competitor review.

k) Intimation of change of interest or other charges would be communicated to customers in a manner deemed fit, as per terms of the loan documents. Any revision in interest or other charges would be with prospective effect.

l) The interest re-set period for floating / variable rate lending would be decided by the Company from time to time, applying the same decision criteria as considered for fixing of interest rates.

m) In case of staggered disbursements, the rates of interest would be subjected to review and the same may vary according to the prevailing rate at the time of successive disbursements or as may be decided by the Company.

**3. Penal Interest / Late payment charges**

Besides normal interest, the Company may collect penal interest / late payment charges for any delay or default in making payments of any dues. These penal interest / late payment charges for different products or facilities would be decided by the Company from time to time.

No claims for refund or waiver of such charges/ penal interest/ additional interest would normally be entertained by the company and it is the sole discretion of the company to deal with such requests if any.

**4. Processing /documentation and other charges**

All processing / documentation and other charges recovered are expressly stated in the Loan documents. They 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.

**5. Implementation**

The policy will be effective from 21st June 2018.