



**MONEYWISE FINANCIAL SERVICES  
PRIVATE LIMITED**

**Policy for Rate of Interest and other  
Charges**

## **1. BACKGROUND, SCOPE AND OBJECTIVE**

### **1.1 Background and Scope**

As per the Guidelines on Fair Practices Code prescribed by the Reserve Bank of India ("RBI"), the Board of an NBFC is required to 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 Boards of an NBFC are required to lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

Accordingly, this **Policy for Rate of Interest and other Charges** ("the Policy") is being proposed for adoption by **Moneywise Financial Services Private Limited** ("the Company") for its lending businesses with the approval of its Board of Directors.

### **1.2 Objective of the Policy**

The Policy has been proposed is in accordance with the Fair Practices Code prescribed by the RBI. The objective of the Company is to decide broad parameters for and to maintain transparency in deciding Rate of Interest and other charges which may be levied by the Company on its loan products.

### **1.3 Approval and Review of the Policy**

The Policy will be initially approved by the Board of Directors.

Thereafter, any review and amendments thereto may be approved by the Asset Liability Management Committee ("ALCO") constituted by the Board. However, once in a year, the Policy with amendments carried-out during the year should be presented before the Board for their ratification.

The Policy shall be reviewed as and when required by the applicable rules and regulations.

## **2. POLICY STANDARDS**

### **2.1 Policy on Rate of Interest**

2.1.1 **Benchmark Rate of Interest of the Company** will primarily be based on the following factors:

- i) Marginal/ Incremental Cost of Borrowing.
- ii) Expected Return on Net worth/ Paid-up Equity Capital.
- iii) Operating Cost.
- iv) Minimum Standard Asset Provisioning.

2.1.2 **Additional margins on the Benchmark Rate of Interest** may be applied for a particular loan facility considering the following factors:

- i) Credit Risk Premium
- ii) Tenor Premium
- iii) Business Strategy
- iv) Additional Cost of Capital

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v) Additional Credit/ Operational Cost

2.1.3 **Annualized Rate:** The Company will communicate annualised Rate of Interest to all its borrowers so that its borrowers are aware of exact rates that will be charged to respective loan facility.

2.1.4 **Ceiling on Rate of Interest:** The Company will ensure that applicable rate of interest to any borrower should not exceed 36 % per annum.

2.1.5 **Penal Interest:** The Company will mention penal interest charged for late repayment in bold in the loan agreement.

## 2.2 Pre-payment charges

The Company will levy pre-payment penalty for early closure of any of the loans in accordance with the extant regulatory requirements. Current applicable charges will be published on the Company's website from time to time.

## 2.3 Processing/ Documentation and other Charges

These charges may vary based on the type of loan, the exposure limit, expenses incurred towards sourcing and processing of specific loan proposals and will generally represent the cost incurred in rendering services to the customers.

## 2.4 Disclosure and Transparency

The Annualized Rate of Interest and Fee/ Charges will be stated in the Sanction Letter and the Loan Agreement.

The Company will provide information on latest Rate of Interest, Fee/ Charges through any one or more of the following channels:

- i) Putting up notices at branch.
- ii) Through Customer Service representatives.
- iii) Through E-mail/ SMS/ Electronic Message.
- iv) On the Company's Website.

The Benchmark Rate of Interest of the Company, Range of Rates of Interest and the approach for gradation of risks will also be published on the Company's website.

## 2.5 Authority

2.5.1 **Benchmark Rate of Interest of the Company-**The ALCO constituted by the Board will have authority to decide Benchmark Rate of Interest of the Company and revise the same in accordance with parameters defined in the Policy.

2.5.2 **Range of Rate of Interest for various loan products-**The MD and CEO will have authority to approve Range of Rate of Interest for various loan products of the Company, from time to time, as per parameters defined in the Policy.

2.5.3 **Fee and Charges-** The MD and CEO will have authority to approve Fee and Charges applicable on various loan products.

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