Interest Rate Model Policy

Approved by the Board of Directors of

Vivifi India Finance Private Limited on 14/02/2023

Version History

Version#	Particulars	Date	Updated by	Reviewed by
1.0	Updated the reference to the Master Direction of the Reserve Bank of India (RBI) in the Introduction section.	2018-08-04	Priyatham Raj	Patrick Kishore
1.1	Updated the reference to the website publishing language	2018-08-04	Priyatham Raj	Patrick Kishore
1.2	Updated reference to CICLU	2023-02-14	Priyatham Raj	Srinath Kompella

Reserve Bank of India vide **Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (Updated as on September 29, 2022) and RBI Guidelines on Digital Lending (RBI/2022-23/111 DOR.CRE.REC.66/21.07.001/2022-23)** have directed all NBFCs to:

- ✓ Communicate the Annualised Percentage Rate (APR) of Interest to the borrower along with the approach for gradation of risk and rationale for charging different rates of interest to different categories of borrowers
- ✓ Further, the directives state 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 to them.

In compliance with the said RBI directives, the Interest rate model for Vivifi India Finance Pvt Ltd is given below:

- **Rate of interest:**
  The Company intimates the borrower, the loan amount and rate of interest at the time of sanction of credit along with the requirements of suggested minimum monthly principal down that will be part of the borrower's monthly payment obligation along with the interest charged and any applicable fees.

- **Principles for gradation of risk:**

  - ✓ Vivifi India Finance Pvt Ltd has its own model for arriving at interest rates taking into consideration among other things the average cost of funds, non-allocatable costs (operational expenditure), administrative costs, risk premium, the expected loan performance and profit margin.

  - ✓ The decision to give a loan and the interest rate applicable to each loan account will be assessed on a case-to-case basis, based on multiple parameters such as the borrower profile, repayment capacity, borrower's other financial commitments, past repayment track record if any, loan to income ratio and employment stability. Such information is gathered based on information provided by the borrower, credit reports and bank statements.

  - ✓ The rates of interest are subject to change as the situation warrants and are subject to the discretion of the management on a case-to-case basis.

  - ✓ Besides interest, other financial charges like Processing Fees, Origination Fees, Cheque Bounce Charges, Conditional Interest on Continued Line Usage, Late Payment Charges, Withdrawal or Cash Advance Transaction Fees, Payment Transaction Fees, charges for Issue of Statement Account etc., would be levied by the company wherever considered necessary and are adequately disclosed in the loan agreement. Besides these charges, stamp duty, service tax and other cess would be collected at applicable rates from time to time as communicated in the documentation provided.

- ✓ The interest rates could be offered on fixed or variable basis and charged on flat or reducing balance method.

- ✓ The interest could be charged on monthly or quarterly basis, or such other periodicity as may be approved by the designated authority.

- ✓ While deciding the charges, the practices followed by the competitors in the market would also be taken into consideration.

- ✓ Claims for refund or waiver of charges / penal interest / additional interest would normally not be entertained by the company but can be granted on individual merit at the sole discretion of the company to deal with such requests if any.