

# **SPANDANA SPHOORTY FINANCIAL LIMITED**

## **Policy for determining Interest Rates, Processing and Other Charges**

Spandana Sphoorty Financial Limited (herein after referred to as "Company" or "SSFL") is registered as Non Banking Financial Company with Reserve Bank of India (RBI) and classified as Loan Company based on its asset / income pattern. During the course of its operations, the Company will strictly adhere to various directions, guidelines, circulars, instructions etc. as may be stipulated by RBI from time to time.

RBI had vide its Circular DNBS / PD / CC No. 95/ 03.05.002/ 2006-07 dated May 24, 2007 advised that Boards of NBFCs 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 model 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.

SSFL policies 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 Spandana Sphoorty Financial Limited (SSFL) for determining Interest Rates, Processing and Other Charges is as follows:

### **A. Interest Rate**

1. The rate of interest shall be based on the cost of borrowed funds, matching tenor cost, market liquidity, refinance avenues, RBI policies on credit flow, offerings by competition, tenure of customer relationship, market reputation, cost of disbursements, cost of capital required, 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, subventions and subsidies available, deviations permitted, ancillary business opportunities, future potential, group strength and value to lender group, overall customer yield, nature and value of primary and collateral securities, past repayment track record of the customers, external ratings of the customers , industry trends, switchover options, canvassed accounts etc.

2. The company may adopt discrete interest rate model whereby the rate of interest for same product and tenor availed during same period by customers would not be a standardized one but could be different for different customers depending upon consideration of any or combination of a few or all factors listed out above.
3. The annualized rate of interest would be intimated to the customer.
4. The interest rates would be offered on fixed, floating, variable basis.
5. Interest rates shall be intimated to the customers at the time of sanction/ availing of the loan and the equated installments apportionment towards interest and principal dues shall be made available to the customer.
6. Interest changes would be prospective in effect and intimation of change of interest, if any, or other charges would be communicated to customers.
7. While designing the Interest Rate Model, all the above factors shall be taken into consideration.

#### **B. Penal Interest / Late Payment Charges**

8. 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.
9. 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.

### **C. Processing / Documentation and Other Charges**

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

### **D. Others**

12. The interest rate models, base rate and other charges applicable shall be reviewed by the Asset Liability Management Committee (ALCO) periodically and make suitable recommendations to the Board.