Interest Rate Policy

Preamble

The Interest Rate Policy adopted by Vivriti Capital Limited **("Company" or "Vivriti Capital" or "VCL")** is considering directions of Reserve Bank of India **("RBI")** vide its Notification No. DNBS. 204 / CGM (ASR)-2009 dated 2 January 2009 and vide its Guidelines on Fair Practices Code for NBFCs amended from time to time, including the **Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023("RBI Regulations")**. The Company ensures fair practice and transparency to its customers in its business conduct, including necessary disclosures on website of Company.

Interest Rate Model

The interest rate for credit facilities extended by Vivriti Capital is driven by the benchmark rate of Vivriti Capital plus the risk premium associated with the borrower / facility.

Interest rate to the borrower = Benchmark Rate + Risk premium

Benchmark Rate

Vivriti Capital's benchmark rate (VBR) for onward lending is based on Marginal Cost of Lending Rate (MCLR) concept a function of the following factors:

(i) Cost of Capital and Cost of Equity as well as Vivriti Capital's Capital Structure
(ii) Operating costs
(iii) Tenor Premium
(iv) Negative carry involved in maintaining liquidity

Risk Premium

The risk premium applicable to the borrower / facility is based on the following factors:

(i) **Industry risk**
   a. Asset quality, profitability, earning and funding volatility, competition, regulatory impact etc of the borrower's industry

(ii) **Business Risk**
   a. Asset quality, market position, resource profile etc of the borrower

(iii) **Management Risk**
   a. Corporate governance, integrity and competence of the promoters, track record of the management team, composition of the board etc.

(iv) **Financial Risk**
   a. Capital Structure, Profitability, Liquidity etc of the borrower

(v) **Product Premium**

a. Depends on nature and risk associate with the product

(vi) **Strength of the security/ collateral**

The range of Risk Premium will normally remain within range of 0%-10%, depending upon the above factors. The Credit Committee (or any other Committee as may be constituted from time to time) shall decide on the interest rate on the products of Company, in line with this Policy. The Credit Committee shall also hold all powers to regulate, monitor and implement this Policy such that any decisions required to be taken under this Policy, can be taken by the Credit Committee.

Institutional Lending & Supply Chain Finance Interest Rate model

In Institutional Business and Supply Chain Business, VCL shall have following commercials for the end customers:

a. Interest Rate
b. Commitment Fee
c. Processing Fees
d. Structuring Fee
e. Advisory Fee
f. Prepayment Penalty
g. Penal Charges

Wherever taxes and cess are applicable it shall be as per the applicable tax regime.

Interest Rate

The interest rate offered to the end customer is either on fixed or floating basis and will be charged on reducing balance method. The interest rate in the case of floating interest rate model shall be linked to a suitable benchmark rate disclosed in the sanction letter.

Interest rate could be charged at any frequency depending on the product/segment (quarterly/ semi-annually/ annually/ bullet). This shall be disclosed in the sanction letter.

Interest rate charged is calculated taking into consideration a Base Rate and a Spread / Premium.

The following shall be specific considerations for determination of interest rate:

(i) The Base Rate takes into account the weighted average cost of fund, and operational costs for VCL. The average cost of funds is dependent upon the rate prevailing in the market. The average cost of funds for VCL can range between 10-15% depending upon the marketing conditions.

(ii) A Spread / Premium based on the aggregate of borrower specific risk factors. These may include client profile, asset class, business segment, product offered, tenor, liquidity profile, capitalisation, governance structure, past track record, management strength, and overall credit assessment.

Interest rate charge for the same product and tenor availed during the same period by different borrowers need not be standardised. It could vary depending on different customers depending on consideration of above factors.

Commitment Fees

Commitment Fee may be charged by VCL to a borrower to compensate for its commitment to put up the loan funds. Commitment fee is charged on unused credit lines or undisbursed loans. While Commitment Fee is equal to the Base Rate interest on the undisbursed loan during availability period, this fee may be waived to align with the standard practice of other market participants / lenders.

Processing Fees

All processing / documentation and other charges recovered are expressly stated in the Loan Agreement/Sanction. The processing charges takes into account loan amount financed, asset financed, geographical location, customer segment and generally represent the cost incurred in processing and onboarding a customer. This is usually mentioned as a fixed amount and for clarity may be mentioned in the sanction letter as % of the total loan amount. The processing fee as a % of the loan amount can range between 0-2%. For smaller ticket size loans, the processing fee may be alternatively mentioned as only flat amount.

'Small ticket size loan' shall be defined by the Credit Committee from time to time, based on the business requirements and product specifications.

Structuring Fees

Structuring Fee may be charged by VCL to a borrower to compensate for mobilizing manpower and resources in underwriting a loan facility. Such Fees are usually charged for transactions / loans that are complex in nature due to borrower's industry / jurisdictions / other specific factors and requires significant effort on part of the lender to undertake a detailed underwriting process. While structuring Fee is charged on the sanctioned loan amount and may vary from 0-5%, this fee may be waived to align with the standard practice of other market participants / lenders.

Advisory Fees

Advisory Fee may be charged by VCL to a borrower for providing services in addition to loan sanction such as advisory / engagement related to process streamlining, fund-raising, ESG, technology, market best practices, etc. Advisory Fee is levied on case specific basis and may be charged either as a percentage of sanction amount (0-5%) or a flat fee.

Penal Charges

Penal charges refer to the amounts charged to the end customers for:

i) Non-payment of any amount due and payable pursuant to the loan documents, on the relevant due date; and/or

ii) Non-compliance of any terms of loan documents, including but not limited to breach of any covenant / undertaking / representation / warranty/ security creation etc; and/or

iii) Any other event of default (howsoever described in the loan documents & sanction letter).

These penal charges can be charged either based on –

i) on the number of days, the amount is in overdue / period of default and on an amount capped at amount under default; and/or

ii) on a per instance basis

For Institutional/Enterprise loans product category –

Overdue Penal charges	Penal charges shall be separate from normal interest and shall be charged on principal and interest overdue (amount under overdue). Will be levied in the form of penal charges at 5% (five percent) per annum on the amount under overdue, for such period of default.
Non compliances charges	Non-compliance of any terms of loan documents, including but not limited to breach of any covenant / undertaking / representation / warranty/ security creation etc; and/or any other event of default (howsoever described in the loan documents & sanction letter) will be levied at 5% p.a. on principal outstanding for such period of non-compliance.

For Supply Chain Finance –

<table>
<tr><td>Overdue Penal charges</td><td colspan="2">Penal charges shall be separate from normal interest and shall be charged on principal and interest overdue (amount under overdue).
Will be levied in the form of penal charges as mentioned below on the amount under default, for such period of default.
• For Anchors: When anchor is the borrower/obligor for interest.
o 4% p.a. <10 Crs Limit, 3% p.a. >=10 Crs
• For Counterparties:
o 6% p.a. <=2 Crs Limit, 4% p.a. >2 Crs</td></tr>
<tr><td rowspan="4">Non compliances charges</td><td>Delay in submission of stock statement</td><td>Rs 2,000/-</td></tr>
<tr><td>Delay in submission of insurance</td><td>Rs 2,000/-</td></tr>
<tr><td>Non-compliance with any of covenant</td><td>2% p.a. on principal outstanding such period of non-compliance.</td></tr>
<tr><td>Delay in Security creation</td><td>2% p.a. on principal outstanding till the time the Security is created and perfected to the</td></tr>
</table>

		satisfaction of VCL.

Apart from the penal charges, there can be bounce charges/ mandate failure charges /cheque swap charges/collection charges/recovery charges/legal charges. These charges can be levied on per instance basis.
Penal charges, levied if any will not be added to the rate of interest charged or capitalized i.e., no further interest computed on such charges.

Compounding of regular interest in the loan account shall remain unaffected.

These charges applied to the customer are on the basis of loan amount, type of customer segment, security/collateral offered, geography, type of asset class, etc.

Co-lending Interest Rate model

In Co-lending/ BC arrangements VCL shall have following commercials for the end customers:

a. Interest Rate
b. Processing Fees
c. Penal Charges

Wherever taxes and cess are applicable it shall be as per the applicable tax regime.

Interest Rate

The interest rate offered to the end customer in the Colending/ BC arrangement, can be on fixed or floating basis and will be charged on reducing balance method. The interest rate in the case of floating interest rate model shall be linked to a suitable benchmark rate disclosed in the sanction letter.

Interest rate could be charged at any frequency depending on the product/segment (daily EMI/ weekly/ fortnightly/ monthly/ quarterly/ semi-annually/ annually/ bullet). This shall be disclosed in the sanction letter.

Interest rate charged, is calculated taking into consideration a base portfolio rate for a given partner and borrower specific consideration over and above that. The rate offered to the borrower shall be a base portfolio rate or hurdle rate (VCL base rate + a standard premium for a given partner) plus risk premium for a given customer. A range of rates for end borrower originated through a partner shall be decided by VCL. The partners can provide rates to the customers within this range.

The partner portfolio specific considerations

(iii) The weighted average cost of fund, and operational costs for VCL

a. The average cost of funds is dependent upon the rate prevailing in the market. The average cost of funds for VCL can range between 10-15% depending upon the marketing conditions.

(iv) A standard premium based on the aggregate partner portfolio

a. Additional premium would be based on the partner profile, asset class, business segment, product offered, geography operated, tenor, liquidity profile, capitalisation, lenders profile, governance structure, past track record, management strength, overall partners portfolio assessment and selection of the portfolio. The portfolio assessment include current NPAs and trend, expected credit loss, geography spread. Operational cost, estimated credit cost on the portfolio and margin.

b. A standard premium on an aggregate basis for the partner portfolio can range between 5%-35%.

(v) Risk premium based on the specific customer

a. End borrower interest rate include risk gradation of customer, credit and default risk, income profile, volatility in income, past track record, tenor of relationship with customer, subventions available, future potential, deviation permitted, nature and value of security offered, regulatory impact/risk

b. The risk premium for specific customers can range from 10-40%.

Interest rate charge for the same product and tenor availed during the same period by different customer need not be standardized. It could vary depending on different customers depending on consideration of above factors.

Processing Fees

All processing / documentation and other charges recovered are expressly stated in the Loan Agreement/Sanction. The processing charges takes into account loan amount financed, asset financed, geographical location, customer segment and generally represent the cost incurred in processing and onboarding a customer. This is usually mentioned as a fixed amount and for clarity may be mentioned in the sanction letter as % of the total loan amount. The processing fee as a % of the loan amount can range between 0-16%. For smaller ticket size loans, the processing fee may be alternatively mentioned as only flat amount, which can be upto Rs 50,000/-.

Small ticket size loan shall mean loans / advances not exceeding INR 3,00,000/- or as may be decided by the Credit Committee from time to time (or by any other Committee, constituted by the Board).

Interest Rate & Processing Fee Range to the end Borrower

Based on the above interest rate model the range of interest rate which a borrower is given in the table below. If the processing fee (PF) is charged on flat basis, it is permissible upto Rs 50,000. But incases where its specified on % it shall be within the range as per the table below:

Products	**Proposed Rates of Interest (in %)**	**Proposed Processing Fee Range in % (in %)**
Business Loans	7% -48%	Upto 7%

Personal Loans and others	12% to 60%	Upto 16%
Microfinance Loans	23% to 33%	Upto 10%
CV/PV/3W	Up to 30%	Upto 7%
Two Wheeler	Up to 42%	Upto 10%

Penal Charge for Retails loans sourced under Colending/partnership programs

Penal charges shall be separate from normal interest and shall be charged on principal and interest overdue (amount under overdue).

Will be levied in the form of penal charges as mentioned below on the amount under overdue, for such period of default.

The Penal charges shall be capped to the extent of the annualised interest rate, calculated on the amount under default based on the number of the days the default is subsisting.

Non-compliance of any terms of loan documents, including but not limited to breach of any covenant / undertaking / representation / warranty/ security creation etc.; and/or any other event of default (howsoever described in the loan documents & sanction letter) shall be capped to the extent of the annualised interest rate p.a. on principal outstanding for such period of non-compliance.

Any charges (incl. penal charges) would attract applicable taxes to be borne by the borrower. These penal charges / late payment charges for different products or facilities would be decided by the Company from time to time.

Apart from the penal charges, there can be bounce charges/ mandate failure charges /cheque swap charges/collection charges/recovery charges/legal charges. These charges can be charged on a per instance basis.

Penal charges levied, if any will not be added to the rate of interest charged or capitalized i.e., no further interest computed on such charges.

Compounding of regular interest in the loan account remains unaffected. The Penal Charges would be in addition to the overdue interest charged at the contracted rate of interest for the period of delay on the outstanding principal.

Further, the levy of penal charges does not prevent the Company from taking any legal action and repossessing the asset by issuing a notice to the borrower.

There will be no discrimination in the levy of penal charges within a particular loan / product category agreed at each partnerships/program. For instance, the penal charges in case of loans sanctioned to the individual borrowers for purposes other than business shall not be more than that levied on non-individual borrowers for similar noncompliance of material terms and conditions.

The quantum and reason for penal charges shall be clearly disclosed to the customers in the loan agreement and sanction letter/Key Fact Statement (KFS) as applicable and be displayed on the website under Interest rates and Service Charges. In addition to the upfront disclosure about the applicable penal charges, intimation shall also be sent to all borrowers about the applicable penal charges whenever reminders for non-compliance of material terms and conditions of loan are sent and at the time of levy of the penal charges along with the reasons thereof.

Claims for refund or waiver of charges / penal charges/ additional charges would normally not be entertained by the company, and it is at the sole discretion of the company to deal with such requests.

Any deviation to the above policy shall have to be approved by the Credit Committee on case-to-case basis.

Interest in the Cooling off period

For the digital loans, a cooling off period will be offered. The customers shall have the option to prepay the loan paying a processing and an interest up to APR during the cooling off period.

Changes in the interest rate structure and range

The interest rate structure and range shall be changed on an annual basis or as and when required with the Board approval.

Index

Vivriti Capital may choose to extend fixed rate or floating rate loans to its borrowers.

If a floating rate loan is provided, the interest rate for floating loans will be represented as Index + margin with annual / semi-annual / quarterly resets of the Index.

The Index is a benchmark of Company's floating interest rate liabilities used to pass on any market interest rate movement to the assets of the Company. The Index will be published on the Company's website.

Applicability

The VBR based pricing framework is applicable on all credit facilities provided by the Company, including term loans, working capital loans, NCDs, PTCs, retail loans, as well as short term loans against receivables and inventory.

Normally, facilities in the nature of NCDs, PTCs, retail loans and short-term loans against receivables / inventory are fixed rate in nature.

Term loans provided to enterprise borrowers of the Company may be floating rate in nature. In such cases, the interest rate will be linked to the Index and a uniform margin over the Index will be applied over the tenure of the facility (subject to credit and legal conditions applicable to the facility).

Interest Rate Communication

(i) Facility details, amount sanctioned, annualised interest rate, tenure of the loan, additional interest or any additional charges will be shared in the sanction/facility letter
(ii) Vivriti Capital may levy additional charges for default/ delay in interest payment. Default interest rates will be clearly communicated in the sanction letter
(iii) Apart from these, there could be processing fees as well as documentation charges as well for a facility.
(iv) The applicable Index will be provided on Vivriti Capital's website

Points to note

(i) Interest rates offered could be on fixed rate basis or floating rate basis.
(ii) The rate of interest for the same product and tenor availed during same period by different customers need not be standardized.
(iii) The final lending rate applicable to each customer will be assessed based on various risk factors. In exceptional circumstances, based on risk perception, interest rates may fall outside the range indicated above.

Review

This Policy will be reviewed annually by Credit Committee or as and when required. Any amendments to the applicable laws shall be prevalent if contradictory to provisions of this Policy. It is clarified that any changes in Interest Rate Policy carried out by Credit Committee shall be placed before the Board thereafter for its noting and approval.