VEEFIN CAPITAL

Interest Rate and Gradation of Risk

In compliance with the Reserve Bank of India (RBI) Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, Veefin Capital Private Limited (the Company) adopts an interest rate model considering factors such as cost of funds, margin, tenor premium, risk premium, and other relevant elements to determine rates for factored receivables. Veefin Capital Private Limited ensures transparency by communicating the annualized rate of interest, approach for gradation of risk, and rationale for varying rates to borrowers in application forms and sanction letters. This policy is available on the website and will be updated as needed.

Rate of Interest:

- Veefin Capital Private Limited offers fixed, floating, or variable interest rates, with the base Prime Lending Rate (PLR) reviewed periodically by the Asset Liability Committee (ALCO)/Board.
- Final rates are determined as: Interest Rate = Benchmark PLR + Tenor Premium+ Risk premium
- Rates are based on cost of borrowed funds, tenor-matching costs, market liquidity, RBI policies, competitor offerings, operational expenses, and profit margins.
- Rates for the same product and tenor may vary for customers based on risk gradation but are not standardized to ensure fairness.
- Interest is charged upfront or periodically as per sanctioned terms. Changes are communicated via letter, email, or SMS.

Approach for Gradation of Risk and Rationale for Different Rates

The rate of interest varies based on a customer's risk profile, assessed using factors including (but not limited to):

- Borrower profile, market reputation, and external credit rating (e.g., CIBIL score) and duration of the exposure.
- Repayment capacity, cash flows, existing financial commitments, and past track record.
- Credit/default risk in the business segment, industry trends, and behavioral performance of similar cohorts.
- Nature and value of collateral (if any), loan tenor, ticket size, and mode of payment.

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- Location delinquency, regulatory stipulations, and overall customer yield. This risk-based approach ensures rates reflect inherent risks, administrative costs, and profit margins, promoting equitable pricing. Higher-risk profiles may attract higher spreads to cover potential defaults.

Penal Charges

- Penal charges are levied for non-compliance with material loan terms (e.g., payment delays) and are reasonable, non-discriminatory within loan categories.
- Charges are not capitalized or added as penal interest; they are separate from normal interest.

Other Charges:

Include factoring charges, processing fees, document handling charges (for documents, plus applicable tax), Field Survey Report (FSR) charges (non-refundable, for new sanctions, plus applicable tax), debtor addition charges, and cheque bounce charges (per instance, in INR plus applicable tax). Charges are clearly communicated to borrowers in the sanction letter.

For the latest benchmark PLR and any updates, please refer to the Company's website or contact us. This summary focuses on regulatory essentials; the full policy is available upon request.