

POLICY FOR DETERMINING INTEREST RATES AND PROCESSING AND OTHER CHARGES

Edelweiss Finvest Private Limited

CIN: U65993MH2006PTC164007

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Last Reviewed in the Board Meeting held on: July 3, 2020

Policy for determining Interest Rates and Processing and other charges

As stipulated by the Reserve Bank of India (RBI), the Board of Directors of Edelweiss Finvest Private Limited (EFPL) in their meeting held on April 11, 2008 had laid down the policy for determining Interest Rates, Processing and other charges. The said policy has been reviewed and revised in the light of RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (as applicable from time to time) and is as under:

Interest Rate

The interest rates charged by EFPL shall be linked with the EFPL Prime Lending Rate (EFPLPLR). EFPLPLR shall be determined by the Operations Committee of the EFPL on the basis of the cost of borrowing of EFPL, operating cost, liquidity and interest rate trend in the market and return on equity. The Operations Committee shall review EFPLPLR on such periodicity as may be deemed necessary by the Operations Committee and modify the same depending upon the market trends. The Operations Committee will adopt the basic formula as provided at the end of this document for determining EFPLPLR with such modification as may be deemed necessary by the Operations Committee.

The interest rate shall be linked to EFPLPLR and spread (plus or minus) will be determined by the sanctioning authority on the basis of nature and duration of loan, nature of security, liquidity of security, credit worthiness and track record of the borrower, risk perception and negotiations with the borrower.

All the loans made by EFPL with the maturity period of above six months shall generally provide for reset of interest rate unless sanctioning authority decides for a fix rate of interest. The sanctioning authority shall decide the periodicity of interest reset. The reset shall be linked to the prevailing EFPLPLR.

In the negotiated deals, the Sanctioning Authority may agree to link the interest rate to Prime Lending Rate of agreed Schedule Bank or to MIBOR or some other reference rate.

Processing Fee/Upfront Fee

Processing fee shall be determined by the sanctioning authority on the basis of the quantum of work involved in credit appraisal, volume of documentation involved, other expenses involved in the transaction and negotiation with client. The Operations Committee may from time to time review the guidelines for charging processing fee or prescribe fixed processing for a particular product. The sanctioning authority shall have power to waive the processing fee on case to case basis.

Calculation of EFPLPLR (For Incremental Loan on a Base Amount of INR 100)				
				Fig in INR
A	Fund Requirement for Loan Amount of INR 100			
a.1	Loan Amount			
a.2	RBI Capital Adequacy Requirement (CRAR) Current : 15%;			
B	Funding Composition			
b.1	Own Capital			
b.2	Borrowed Funds			
C	Funding Cost			
c.1	Cost of Own Capital (Assumed flat rate of 12%)			
c.2	Borrowing Cost (Weighted Rate for last 6 months + 200 Basis point spread)			
D	General Provisioning for Standard Assets			
E	Risk Margin (Taken at 400 Basis point due to Business Risk, High Leverage, Concentration of Collateral & ability to liquidate collateral)			
EFPL Prime Lending Rate (EFPLPLR)				

The ALM Committee will periodically review the lending rate and may recommend change to Operations Committee for its due consideration

Non Applicability of EFPL PLR : The Company will be free to determine the Interest rate on lending without reference to EFPL PLR and regardless of the size in respect certain loans, on case to case basis. However, while determining the interest rate and Spread for above categories of loans, the sanctioning authority shall take into consideration the broad principles laid down in this policy.

Revisions :

Any revision in this Policy shall be decided by the Operations Committee and shall, subsequently, be presented to the Board of Directors of the Company for its approval.

Disclosure :

This Policy will be made available on the website of the Company in accordance with the Company's Fair Practices Code and the guidelines of RBI.