

FEES AND CHARGES POLICY

DSP FINANCE PRIVATE LIMITED

(Formerly known as DSP Investment Managers Private Limited)

Version	Description	Prepared By	Approved By
1.0	Policy Formation	Sachin Agarwal & Sahib Pahwa	Board of Directors on June 27, 2025

1. Objective

This Fees and Charges Policy outlines the principles and regulatory framework governing the levy, disclosure, and recovery of all fees, charges, penalties applicable on loan products offered by DSP Finance Private Limited ("**Company or DSP Finance**"), including loans disbursed through digital lending platforms and through Lending Service Providers ("**LSP**") and Digital Lending Apps ("**DLAs**").

2. Scope and Applicability

This policy applies to all retail and corporate loans originated, processed, or serviced by the Company whether sourced directly or through LSP and DLAs.

3. Applicable Regulations

The policy ensures full compliance with the Reserve Bank of India ("**RBI**") regulations, promotes transparency, prevents overcharging, and safeguards customer interest. Accordingly, the policy has been framed in accordance with the following applicable regulations:

- RBI Digital Lending Directions, 2025
- RBI Circular on Penal Charges (DoR. SOG. No.77/06.12.001/2023-24 of February 2024)
- RBI Circular on Prepayment Charges (DoR.MCS.REC.36/01.01.001/2025-26 of June 2025)
- Fair Practices Code ("**FPC**")
- Scale Based Regulations Framework ("**SBR**")

4. Guiding Principles

Following are the general guiding principles for levying various fees and charges from the customers:

- **Transparency:** All fees and charges must be clearly disclosed to the borrower upfront in the Key Fact Statement (KFS) and loan agreement.
- **No Hidden Charges:** No charge shall be levied which is not explicitly mentioned in the KFS and agreed to by the borrower.
- **Digital Disclosure:** The KFS shall be digitally signed/verified by the borrower before disbursement and archived for audit and dispute resolution.
- **Fairness:** Charges should be reasonable, commensurate with actual service costs, and non-discriminatory.
- **Single Recovery Point:** All fees (including those by LSPs) must be paid directly to the NBFC and not to any third party.
- **No Capitalization:** Fees and charges shall not be capitalized for the purpose of calculating APR or EMIs, except as permitted by regulation.

5. Penal Charges

In accordance with the RBI Circular on Penal Charges, the Company shall follow the following aspects with respect to penal charges:

- DSP Finance will not levy any penal interest on loan accounts. Instead, a fixed or percentage-based penal charge shall be applied only on the overdue amount and only in the event of a default. These charges will not be capitalized, compounded, or added to the base interest, and will be maintained distinctly in the system.
- Penal charges will be reasonable, non-discriminatory, and standardized across similar product categories, subject to Board approval. They will be clearly disclosed in the loan agreement, Key Fact Statement (KFS), and periodic account statements, and will not be hidden or bundled with interest.
- The Company will ensure fair and transparent communication of such charges to borrowers through timely SMS/email/app notifications.
- There shall be a cap on the penal charges for the retail loans which shall not exceed the difference between the maximum and normal interest rate applicable to the product.
- No penal charges will be levied in case of disputes, technical failures, or delays arising from force majeure events.

Please refer to **Annexure-A** for Schedule of charges providing details of all kinds of charges being levied by the Company.

6. Prepayment / Foreclosure Charges

- RBI has issued new directions to ensure fair lending practices and borrower mobility by prohibiting the levy of pre-payment charges in specified loan categories, especially benefiting individuals and Micro and Small Enterprises (MSEs). The directions stem from RBI's supervisory findings and are aligned with its customer-centric regulatory approach
- The said directions apply to all floating rate loans (term or demand) sanctioned or renewed on or after Jan 1, 2026.
- No prepayment or foreclosure charges shall be levied on floating rate loans sanctioned to individual borrowers.
- For non-individual borrowers or fixed rate loans, charges (if any) should be clearly disclosed upfront in the KFS.
- Any waiver of charges shall be applied in a non-discriminatory manner.
- Below is a summary of type of loans wherein prepayment can be charged and not charged

Borrower Type	Purpose of loan	Sanctioned Loan Amount	Pre-payment Charge
Individuals (any)	Non-business	Any amount	Not allowed
Individuals/MSEs	Business	≤ ₹50 lakh	Not allowed
Corporate / non-individual	Business	> ₹50 lakh	Allowed if disclosed

7. APR and KFS Requirements

- In accordance with the RBI's Digital Lending Guidelines, the Company shall compute and disclose the Annual Percentage Rate ("**APR**") for each loan sanctioned, which reflects the total cost of credit to the borrower on an annualized basis. The APR includes the interest rate, processing fee, documentation charges, insurance (if bundled), and any other fee known at the time of sanction. The APR shall be calculated using a standardized formula and presented prominently in the Key Fact Statement ("KFS"), the loan agreement, and any sanction communication, ensuring full transparency to the borrower.
- A digitally signed KFS shall be mandatorily provided to the borrower as per the Digital Lending Directions, 2025.
- The KFS shall clearly mention all fees, charges, interest rate, APR, penal charges, recovery mechanisms, and cooling-off period, among other key terms. No charge or fee other than those disclosed in the KFS shall be recovered from the borrower at any stage. The KFS format shall be in line with the RBI-prescribed template and shared in a PDF or equivalent, with a timestamp and audit trail for evidentiary purposes.

8. Review and Governance

- The Board of Directors shall approve and at least annually review the Fees and Charges Policy.
- Significant changes, especially those impacting customer rights, shall be implemented only post Board approval.
- Internal Audit shall verify adherence and report deviations to the Audit Committee.

9. Grievance Redressal

- Borrowers may approach the Grievance Redressal Officer in case of disputes related to charges.
- Escalation details shall be clearly mentioned in the KFS and the loan agreement along with being displayed on the website.
- Any complaints or disputes regarding charges shall be resolved as per the Company's Grievance Redressal Policy.

Schedule of Charges
Retail Loans: These include Loan Against Securities (Shares/Mutual Funds)

Category	Applicability	Charges	
Processing fees	Charged once before disbursal	up to Rs. 10,000 or 5% of the credit limit (whichever is higher)	
Annual maintenance charge	Charged annually	up to Rs. 10,000 or 5% of the credit limit (whichever is higher)	
Additional security pledging charges/margin pledge charges	Only when additional security is pledged by the customer	up to Rs. 10,000 or 5% of the credit limit (whichever is higher)	
Dishonor and non-registration charges	Charges on mandate bouncing and non-registration	Rs. 500 – Rs. 2500	
Security sell off charges	Only on default portion	Up to Rs. 5,000	
Security un-pledging charges	Only when customer un-pledges securities	Up to Rs. 1,000	
Prepayment/Foreclosure Charges	As per June 2025 Circular from Jan 01, 2026, onwards for all floating rate products to individuals.	NIL for individual borrowers	
Bank mandate swap charges	As and when there is a change in bank mandate	Rs. 500 – Rs. 1,000	
Legal Charges / Recovery	Permissible in default cases	As applicable	
Daily Penal Charges	Optional for demand loans	Amount of Outstanding Due under the Facility that continues to remain unpaid at the end of each day	Penal charges (to be calculated on a daily basis)(excl. GST)
		Up to 25k	₹10
		25k - 50k	₹25
		50k - 1L	₹50
		1L - 2.5L	₹100
		2.5L - 5L	₹250
		5L - 10L	₹500
		10L - 25L	₹1000
		25L - 50L	₹2500
		50L - 1Cr	₹5000
		1Cr +	₹10000

Note :-

- All above charges are exclusive of the applicable taxes
- In exceptional circumstances, based on risk perception, these charges may fall outside the indicated range.

Corporate Loans: FSG

In line with the customized and negotiated nature of corporate lending, **DSP Finance** may levy a range of charges depending on the structure, complexity, tenor, and risk profile of the transaction. These may include, but are not limited to:

- **Upfront Fees** – levied at the time of sanction to cover credit appraisal, underwriting, and transaction execution costs.
- **Advisory/Structuring Fees** – applicable to bespoke or complex transactions involving tailored financial arrangements.
- **Prepayment/Foreclosure Charges** – levied as per contractual terms in the event of early repayment or facility closure.
- **Monitoring Fees** – charged periodically to cover costs related to post-disbursement monitoring, escrow management, covenant compliance tracking, and borrower performance reviews.
- **Legal and Documentation Charges** – including expenses for legal vetting, drafting, stamp duty, registration, and engagement of external legal counsel or advisors.
- **Valuation Charges** – charges levied on valuation of collateral and security offered.
- **Due Diligence Charges** – covering external reports such as legal, financial, technical, credit, or valuation assessments conducted as part of the transaction.
- **Renewal/Restructuring Fees** – applicable in cases of extension, renewal, refinancing, or modification of facility terms.
- **Agency / Trustee Fees** – charged when third-party agents or trustees are appointed for managing security, debenture trusteeship, escrow, or cash flow oversight.
- **Penal Charges** – levied for breach of contractual obligations including delayed servicing of dues, covenant violations, or shortfall in stipulated security cover.

All such charges are transparently disclosed in the **term sheet, sanction letter, or facility agreement**, and are **mutually agreed upon** prior to execution. These charges are levied in accordance with the Company's **Fair Practices Code** and the applicable provisions under the **Scale Based Regulatory Framework** prescribed by the RBI.

Given the bespoke nature of corporate lending, the **type and quantum of charges are flexible** and may vary across transactions. Each facility is assessed independently, and the applicable charges are determined based on the specific financial structure, borrower profile, and credit risk.