

## **1. Preamble**

Bajaj Finance Ltd. ('BFL', 'Bajaj Finance', or 'the Company'), is a subsidiary of Bajaj Finserv Ltd. It is a deposit-taking Non-Banking Financial Company (NBFC-D) registered with the Reserve Bank of India (RBI) and is classified as a NBFC-Investment and Credit Company (NBFC-ICC). Further as per the Scale based framework issued by RBI, BFL is being classified as Upper layer NBFC. BFL is engaged in the business of lending and acceptance of deposits.

The Company has a diversified lending portfolio across retail, SMEs (small and medium-sized enterprises), and commercial customers with a significant presence in both urban and rural India. It accepts public and corporate deposits and offers a variety of financial services products to its customers. It also has a Pre-paid Payment Instrument (PPI) licence from the RBI, Department of Payment & Settlement Systems.

This document outlines the policy for governance, determination and levy of fees and charges to the customers in line with Fair Practice Code regulations of RBI to ensure transparent disclosure to customer.

## **2. Objective**

RBI's Fair Practice Code requires the Board to lay out appropriate principles and procedures for levy of Fees and Charges to the customer. Accordingly, this policy cover the followings:

- Principles and procedures for levy of fees and charges
- Governance of Fees & Charges including Change Management; and
- Review framework.

## **3. Principles and Procedures for levy of fees, charges and upfront interest**

BFL offers variety of Lending products to its customers. It also offers customers Fixed Deposit products, various Payment products as well as 3<sup>rd</sup> party distribution of Insurance products. Accordingly, it may levy different fees and charges to the customers depending on the products availed by the customer. The nature of the fees and charges to be levied to the customer should be specified in respective Product Program Guidelines (PPG).

Taking into consideration the nature of the lending product and sustainability and risk of the business operations, BFL may levy various fees and charges to the customers such as:

- Upfront fees and charges - Fees and charges pertaining to loan processing/ disbursement such as processing fees, documentation charges, convenience fees, etc can be levied at customer acquisition stage. Nature and quantum of such upfront fees and charges can vary based of product segment. Basis product program these fees and charges should be either collected

upfront or to be deducted from loan amount or to be collected along with the installment as applicable.;

- Servicing Fees - Fees and charges for loan servicing such as NoC charges, loan related documents retrieval charges, etc. can be levied to the customer during the loan tenure for specific service-related requests from the customers.
- Contingent fees and charges - These charges are contingent upon specific transaction/ event occurring during the loan life cycle such as part-prepayment, foreclosure, non-compliance of terms and conditions of loan, bounce, etc. and accordingly, these charges can be levied only on occurrence of such events.
- Value Added Services (manufactured by BFL) - Fees and charges for value added services such as property dossier charges, EMI Card fees, Co-Branded Card Issuance Fees etc. should be levied to customers on purchase / availment of such value-added product / services. Such charges can be collected upfront or funded to the customer; and
- Distribution of third-party products and services - BFL may distribute various third-party products and services such as life insurance, general insurance, health insurance etc. The amount of such third-party products and services can be collected upfront or funded to the customer.

The illustrative list of various fees and charges across different products offered by BFL is provide in **Annexure 1** of this policy. Actual fees and charges leviable to the customers across different lending and other products shall be covered as part of Product Program Guidelines (PPG) document.

Further, with respect to implementation/ levy of fees and charges, the Company shall ensure that:

- A Clear and transparent communication is made to the customer about all fees and charges as part of agreement / T&C
- Any upfront fees and charges that is not communicated in the agreement should not be imposed on the customer for availing the loan product; and
- Any change in contingent / service charges or introduction of new contingent / service charge should be implemented only prospectively except for change on account of regulatory/ statutory changes.

#### **4. Governance Framework for Fees and Charges**

Any new Fees & charges shall be first put up for an approval of PPG Committee along with rationale. Once it has been approved by PPG Committee, the same should be put up for prior approval of the Board. The new fees and charges should only be implemented post approval of the Board.

#### **5. Periodical Review Framework**

The policy shall be reviewed at least annually by the Board.

## **Annexure 1 – List and Details of various fees and charges under various lending products**

<b>Sr No</b>	<b>Name of Fees &amp; Charges</b>	<b>Amount based/ rate based</b>	<b>Description</b>
<b><i>Upfront fees and charges</i></b>			
1	Processing Fees	Fixed / Rate	Fees charged for processing of a loan
2	Upfront Interest	Fixed / Rate	Amount collected as an interest from the Customer in advance at the time of processing/disbursement of the Loan.
3	Documentation Charges	Fixed	Fees charged for verification of Documents of the customer
4	Flexi Facility Charge	Fixed	Fees charged to the customer for availing flexi variant of loan to meet individual customer needs
5	Stamp Duty	Fixed / Rate	Statutory charges
6	Convenience Fee	Fixed / Rate	Fees charged to the Customer for allowing access to existing BFL network/ infrastructure of merchants and dealers
7	Credit Suraksha Fee	Fixed	Fees charged to the customer for installing Bajaj Finserv Credit Surekha Application on the mobile phone to put restriction on usage of mobile phone in case of default
8	Commitment Fee	Fixed	Fees charged to the customer for processing loans in the event of non-availment of credit facility by the customer post sanction
9	Mortgage Origination Fee / Mortgage Origination Fee Revalued	Fixed	Fees charged to the customer for mortgaging a property
10	Upfront Valuation Charge	Fixed	Fees charged to the customer for valuing an asset
11	LC Processing Fees	Rate	Fees charged to customer for providing Letter of Credit to customer to submit as a proof of availability of funds for booking machinery
12	Discounting Charges	Rate	Fees charged to customer for providing Bill discounting in invoice finance loans
<b><i>Service fees</i></b>			
13	Renewal Fee	Fixed	Fees charged to the customer for renewing the loan upon the maturity of the subsidizing asset.
14	Annual Maintenance Charges	Fixed / Rate	Fees charged to the customer to keep flexi loan facility active of the customer

<b>Sr No</b>	<b>Name of Fees &amp; Charges</b>	<b>Amount based/ rate based</b>	<b>Description</b>
15	Account Opening Charges	Fixed	Fees charged to the customer for initiation of an account related to a loan secured by securities.
16	Valuation Charges	Fixed	Fees charged to the customer for valuing an asset
17	Pledge Confirmation Charges	Fixed	Fees charged to the customer for pledging shares
18	Pledge Invocation Charges	Fixed	Fees charged to the customer for invoking the pledge associated with the customer's shares (to cover NSDL/CDSL charges)
19	Demat Share Transfer Charges	Rate	Fees charged to the customer for transfer of Demat shares
20	Un-Lien Charges	Fixed	Fees charged to the customer for custodial service for the securities held in Demat account
21	Lien Charges	Fixed	Fees charged to the customer for custodial service for the securities held in Demat account
22	Money Loading Charges	Fixed / Rate	Charge collected from customer for loading money into payments wallet
23	Lease Administration Fee	Rate	Fees charged to customer for managing day to day leasing operations
24	No Objection Certificate for Interstate Transfer	Fixed	Fees charged to the customer for issuing NOC for Interstate transfer of Vehicle
25	Other NOC	Fixed	Fees charged to customer for providing No Objection certificate to customer
<b><i>Contingent fees and charges</i></b>			
26	Bounce Charges	Fixed	"Bounce charges" shall mean charges for non-payment of instalment (s) on their respective due dates due to dishonour of payment mandate or non-registration of the payment mandate or any other reason.
27	Part Prepayment Charges	Rate	Fees charged to the customer for allowing partial pre-payment of loan
28	Foreclosure Charges	Rate	Fees charged to the customer for allowing full pre-payment of loan
29	Legal Charges	Fixed	Fees charged to the customer for recovering legal charges
30	Repossession Charges	Fixed	Fees charged to the customer for repossession cost incurred by the Company

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31	Brokerage Charges	Fixed	Fees charged to the customer for selling customer shares in case of default by customer
32	Penal Charge	Fixed	Amount charged to the customer for delay in payment of EMI
33	Subsequent disbursement visit charge	Fixed	Charge levied to customer for subsequent visit of property for audit of property completion stage
<b>Value Added Service offered by BFL</b>			
34	EMI card fee	Fixed	Fees charged to the customer for providing an EMI card facility
35	BFL Share	Fixed	Fees charged to the customer for providing a Co-branded (Dealer & BFL) EMI card facility
36	Co-Branded Card Issuance Fees	Fixed	Fees charged for issuing a Co-branded card to customer.
37	Practice Management Software	Fixed	Introducing value-added products in professional loans (Doctor Loans), such as software to manage patient records and clinic activities.
<b>Distribution of third-party Products and services</b>			
38	Life Insurance	Fixed	Amount for Life insurance purchased / availed by customer
39	General insurance	Fixed	Amount for General insurance purchased / availed by customer
40	Health Insurance	Fixed	Amount for Health insurance purchased / availed by customer
41	Buy Back Price Assurance	Fixed	Amount for buy back guarantee availed by customer
42	Assistance Products ( Such as Extended Warranty, Fonesafe, Life secure, Asset Secure, Subscriptions)	Fixed	Amount for Assistance products purchased / availed by customer
<b>Payments Charges</b>			
43	Payment Gateway transaction charges / Platform Charges / Transfer Charges	Fixed/Rate	Charges collected from customer for providing a platform for making digital payment / Transfers / Transactions
44	Load Money	Rate	Fees charged to load money through UPI /Credit/Debit cards/Net Banking
45	Payment of bills and recharges	Fixed / Rate	Fees charged to customer for payment of bills and recharges
46	Wallet to bank transfer	Rate	Fees charged to customer for transferring amount from wallet to bank

<b>Sr No</b>	<b>Name of Fees &amp; Charges</b>	<b>Amount based/ rate based</b>	<b>Description</b>
47	Issuance charges	Fixed	Fees charged to the customer for issuance of Gift Card / Cobranded Gift Card / FASTag / Wallet
48	Replacement Fees	Fixed	Fees charged to the customer for issuance of replacement FASTag
49	Account Opening or upgrade (Full KYC Wallet) for new customers	Amount	Charges levied for providing option for Ease of doing KYC and upgrade the wallet
50	On demand settlement - Processing Fees	Rate	Charges levied to Merchant to provide a feature of on demand settlement of payment
51	Rupay Credit Card on UPI / PPI / PPI on UPI / Credit on UPI	Rate	Charge levied to merchant for enabling feature of accepting payments through Credit instruments & PPI
52	Txn SMS - SMS Charges	Amount	Charges for sharing alerts of the transactions and settlements to merchants on SMS
53	Courier charges	Amount	Charges for sending Soundbox to merchants through courier
54	FEES AND CHARGES for PayIn	Amount	Charges for setting up and maintenance of Payment Gateway applied to merchants who have availed PayIn services
55	Platform Utilization Fee	Amount	Charges for transaction on Payment Gateway applied to merchants who have availed PayIn services
56	FEES for Linkpay (Over and above Payin charges)	Amount	Charges for sending payment link via SMS or Email applied to payment gateway merchants
57	FEES AND CHARGES for Orchestrator	Amount	Charges for setting up, maintenance and transaction on Payment Gateway applied to merchants who have orchestrator services
58	FEES AND CHARGES for SI and Recurring	Amount	Charges for mandate registration and presentment applied to the Payment Gateway merchants
59	QR - Deployment and Installation	Fixed	Fees charged for Set-up / Installation of QR
60	Sound Box - Rental Charge (includes device cost, maintenance charges, SIM Charges)	Fixed	Fees charged as monthly rental basis the plan selection
61	Batch Settlement - Processing Fees Rate	Rate	Batch settlement/ on-demand settlement fees charged on transaction value