



POLICY ON INTEREST RATES CHARGED

1. Introduction

This policy addresses the compliance as envisaged by RBI through Notification DNBS (PD) C.C. No. 133 /03.10.001/ 2008-09 Dated 02nd January 2009 in respect of regulation of excessive interest charged by NBFCs. The same is now replaced by 'Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016' dated 01st September' 2016 Nirmal Bang Financial Services Pvt. Ltd. (NBFSP) (hereinafter referred to as "The Company") is engaged in the business of providing financing products viz LAS and IPO to its customers, which include Individuals, Partnership firms and Companies.

The Company has framed and adopted a voluntary policy, which sets out an Interest rate model for the Company, taking in to account relevant factors such as cost of funds, margin and risk premium, gradation of risks, etc. and determine the rate of interest to be charged for loans and advances.

2. Objectives

The objective of framing this policy is to ensure that interest rates charged to the customers do not exceed beyond a certain level and which are not conforming to normal financial practice. This policy is formulated to also ensure transparency, in conformity with the stipulations of the Reserve Bank of India's ["RBI"] directives.

3. Company's Policy

The following aspects are considered and put in practice by the NBFC for meticulous compliance of the aspects referred in the circular mentioned above along with relevant aspects.

- The NBFC shall not charge "excessive" interest rates.
- Disclosure of rate of interest: The rate of interest will be duly disclosed to the borrowers in the welcome kit and in the copy of agreement provided to them.

The interest rate would be decided by such committee as authorized by the Board of Directors or the Board of Directors themselves.

- Principles and procedures in determining interest rate and processing and other charges:
 - The interest rates will be determined by the NBFC based on following relevant factors
 - Cost of funds to the company
 - Risk Profile of the borrower
 - Interest rate prevailing in the industry
 - Margin and risk premium charged for different categories of the loans
 - Securities offered and the type and risks attached thereto
 - Duration of loan repayment schedule
 - The category of the borrowers
 - The earning source of the borrower
 - The nature of income and the regularity of income of the borrower
 - The approach for gradation of risks will be documented

• Information to Customers:

- Interest is to be calculated on the amount utilized by the borrower and not merely on the sanctioned limit.
- No interest is payable on credit balance in borrower's account.
- The rationale for charging different rate of interest to different categories of borrowers shall be documented and the same shall be disclosed to the borrowers or customer in the application form and communicated explicitly in the Welcome letter / Sanction letter
- The rates of interest and approach for gradation of risks shall be made available on the website whenever there is change in the rate of interest or important changes in the policy, the same shall be informed through e-mail to existing clients and revised one shall be made available on the website of the company.
- The rate that will be disseminated will also mention the annualized rate so that the borrower is aware of the exact rates that would be charged to the account.
- Accrual of Interest shall be on daily basis and shall be charged on monthly / quarterly (as on last day of respective month / quarter) basis as the case may be.
- The Company shall disclose in bold letters in the loan agreement, any clause pertaining to penal interest charged, if any for late repayment.
- The interest shall be deemed payable on immediate basis. However, grace period may be allowed for payment of interest. The changes in rates would be prospective in effect and intimation of change and other charges would be communicated to customers to registered e-mail id of the client.

This policy or any of its clauses are to be suitably modified based on the Directions of Reserve Bank of India from time to time and shall be put before the Board of Directors in their meeting immediately succeeding such Changes/amendments.

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