

POLICY ON DETERMINATION OF INTEREST RATE OF RATNAAFIN CAPITAL PRIVATE LIMITED

Background:

The Reserve Bank of India (RBI) vide Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (updated from time to time) has directed all NBFCs to make available the rates of interest and approach for gradation of risk on website of the NBFCs.

The Board hereby formulates and adopts the following policy:

- 1) The interest rate charged to the borrower shall be based on the following factors:
 - Tenor of the Loan
 - Internal and external cost of funds
 - Treasury bill rates and the sovereign yield curve
 - Spreads between the sovereign and the AAA corporate bonds
 - Prevailing PLR of major commercial banks
 - Risk profile of the borrower
 - Market scenario relating to credit risk premia / default premia including CDS (Credit Default Swap) spreads
 - Internal Cost of doing business
 - Interest rate offered by other NBFCs
 - Other factors that may be relevant in each case.

- 2) The risk profile of the borrower shall be evaluated on:
 - Management Risk Parameters
 - Business Risk Parameters
 - Financial Risk Parameters
 - Industry Risk Parameters
 - Collateral Risk Parameters

This has to be further evaluated on the following factors:

- Nature of industry
- Profitability track record of the company / group for past three years

Ratnaafin Capital Private Limited

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Registered Office: 402, Bhikaji Cama Bhawan Ring Road, Bhikaji Cama Place, Near Hyatt Hotel, New Delhi-110066, Delhi, India

E info@ratnaafin.com | **T** 1800 309 8013 | **W** www.ratnaafin.com

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- Profitability Projections during the tenure of the Ratnaafin loan
- Security cover available
- Profile and market reputation of the borrower / promoter/ principal shareholder
- Defaults on other lenders & manner in which the company/ group has dealt with the same
- Background of the promoter / principal shareholder
- Other factors that may be relevant in each case.

The rate of interest for same product and tenure availed during the same period by separate customers could vary within a range depending on factors mentioned above.

- 3) The Board shall determine the interest rates chargeable to the borrower after assessment of the above factors.
- 4) In respect of **EMI based floating rate personal loans**,
 - the Company at the time of sanction shall clearly communicate to the borrowers about the possible impact of change in benchmark interest rate on the loan leading to changes in EMI and/or tenor or both and subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels.
 - The Company, at the time of reset of interest rates, shall provide the option to the borrowers to switch over to a fixed rate. The sanction letter may also specify the number of times a borrower will be allowed to switch during the tenor of the loan.
 - The Company may provide to the borrowers the choice to opt for (a) enhancement in EMI or elongation of tenor or for a combination of both options; and, (b) to prepay, either in part or in full, at any point during the tenor of the loan. Levy of foreclosure charges/ pre- payment penalty shall be subject to extant instructions.
 - The Company to disclose all applicable charges for switching of loans from floating to fixed rate and other service charges / administrative costs incidental to the exercise of the above options in the sanction letter and also at the time of the revision of such charges / costs, where applicable from time to time.

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- The Company shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.
 - The Company shall share/ make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest/Annual Percentage Rate (APR) for the entire tenor of the loan. The Company shall ensure that the statements are simple and easily understood by the borrower.
- 5) In addition to normal interest, the Company may levy penal charges (refer policy on Penal Charges), processing charges, foreclosure charges, commitment fees, etc. The details of such additional charges will be mentioned in the loan / borrowing documents.
- 6) The Board shall ensure that the borrower is advised of the policy prior to the disbursement.

This policy shall be subject to review annually.

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Quantum and Reason of Penal Charges

<p>Penal Charges</p>	<p>2 % per month on the overdue amount plus applicable Taxes in the event of default in repayment of loan instalments</p> <p>2 % per month on the outstanding loan facility amount plus applicable taxes for non-compliance of agreed terms and conditions mentioned in the Sanction Letter</p>
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