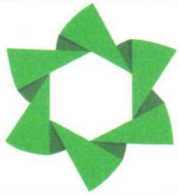


This document intends to sets out the approach to set Interest Rate

POLICY ON INTERST RATE



KIRAN VYAPAR
LIMITED

Version No.: 5.0

Approved By: Board of Directors

Policy Owner : Company Secretary and CFO

Subject : Policy on Interest Rate	Original Issue Date : 27.02.2015	Effective Date : 20.05.2019
	1 st Revision Date : 12.03.2016	Policy No.: 2.0
	2 ND Revision Date: 20.05.2019	Policy No.: 3.0
	Review and Revision Date 04.02.2023	Policy No.: 4.0
	Reviewed and Revised Policy Effective Date 04.02.2023	
	Review and Revision Date 16.01.2024	Policy No.: 5.0
	Reviewed and Revised Policy Effective Date 16.01.2024	

Base Document	:	Policy on Interest Rate Policy
Initial Document Prepared by	:	
Functional aspects Checked by	:	Mr. P.K Ojha
Governing Guideline/Policy	:	Policy on Interest Rate Policy

POLICY ON INTEREST RATE POLICY

Purpose

Reserve Bank of India (RBI) vide its Circular DNBS PD/CC No.95/03.05.002/2006-07 dated May 24, 2007 advised that Board of Non-Banking Finance Companies (NBFCs) to lay out appropriate internal principles and procedures in determining interest rates, processing and other charges. This was reiterated vide RBI's circular DNBS. 204 / CGM (ASR)-2009 dated January 2, 2009.

With a view to institute fair and transparent dealings in the lending business, the Company has adopted and put in place the following Interest Rate Policy parallel to the company's Fair Practice Code, in accordance with the RBI circular no. DNBS (PD) CC No.388/03.10.042/2014-15 dated July 1, 2014 and thereafter vide its circular no. DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 1, 2015 and vide its Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 and thereafter Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 as amended/ updated from time to time.

The Board of Directors of the Company (“the Board”) or Loan and Investment Committee (“the Committee”) as the case may be, while fixing interest rates chargeable from the customers shall be guided by this Interest Rate Policy. In addition to cost factors set out hereunder, the Board or the Committee shall be guided by the market conditions and various rules and regulations, if any, prescribed by the RBI or such other authority from time to time.

Thereafter, in view of the recent amendments in Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 the Board of Directors had reviewed and revised the policy in place of the existing policy in their meeting held on 16th January, 2024.

Interest Rate Policy

The Board or the Committee shall decide the interest rate and yield for each loan product.

1. Interest charged by the company from its customers shall inter-alia have the following components viz., Base Rate, Risk Rate, Additional/Default Rate.
2. The rate of interest for same product and tenor availed during same period by customers would be different from customer to customer depending upon consideration of any or combination of a few or all factors listed hereinbelow.
 - a. Risk profile of the Customer
 - b. Interest rate trend prevailing in the money market
 - c. Company's Cost of borrowings
 - d. Structure of the deal
 - e. Upfront charges
 - f. Long term prospects of business with the borrower.
3. The Company shall intimate the annualized rate of interest charged to the customer.

4. Interest rates shall be intimated to the customers at the time of sanction/ availing of the loan and the equated instalments apportionment towards interest and principal dues can be made available to the customer.
5. The interest rates would be offered on fixed, floating or variable basis.
6. The interest rate, benchmark prime lending rate and other charges would be decided by the Committee from time to time and recommend to the Board.
7. Interest changes would be prospective in effect and intimation of change of interest or other charges would be communicated to customers in a mode and manner deemed fit.

Penal charges in loan accounts

1. Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
2. NBFCs shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.
3. The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan/product category.
4. The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges to non-individual borrowers for similar non-compliance of material terms and conditions.
5. The quantum and reason for penal charges shall be clearly disclosed by NBFCs to the customers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) as, in addition to being displayed on websites of NBFCs under Interest rates and Service Charges.
6. Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

Documentations/ Processing and other charges

1. Besides interest, other financial charges like processing fees, cheque bouncing charges, pre-payment/ foreclosure charges, part disbursement charges, cheque swaps, cash handling

charges, RTGS/ other remittance charges, commitment fees, charges on various other services like issuing NO DUE certificates, NOC, letters ceding charge on assets/ security, security swap & exchange charges etc. would be levied by the Company wherever considered necessary.

2. Besides the base charges, the service tax and other government charges would be collected at applicable rates from time to time. Any revision in these charges would be from prospective effect. These charges would be decided by the above-mentioned committees.

Disclosures

As per the extant regulations the following disclosures shall be made to the borrower:

1. There shall be appropriate disclosure of the rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers in the application form and communicated in the sanction letter.
2. The annualised rate of interest
3. Interest rates are fixed or variable
4. Frequency of interest payment
5. The penal rate of interest and when is it to be levied
6. Processing fees rate / amount
7. Any change in the interest rate or other charges shall be made prospectively and the same shall be adequately disclosed in the loan agreement.
8. The rate of interest for various class of loan assets as revised from time to time shall also be displayed on Company's website.

Review of the Policy

The Board shall review the policy at least once in every year or earlier on need basis and the updated policy shall be hosted on the website of the Company.

This Policy has been reviewed and approved by the Board of Directors of the Company at its meeting held on 16.01.2024.

Date : 16.01.2024

Place : Kolkata