

# HI-KLASS TRADING & INVESTMENT LTD.

Regd. Off. :24, Veer Nariman Road, Rehman Building, 2<sup>nd</sup> Floor, Office No.15, Fort, Mumbai – 400 001.

Tel.: 2287 4084, 2287 4085 \* Email : info@hiklass.co.in

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## “INTEREST RATE POLICY”



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## HI-KLASS TRADING AND INVESTMENT LIMITED (HKITL)

### “INTEREST RATE POLICY”

#### 1. BACKGROUND:

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 (NBFC's) lay out appropriate internal principles and procedures in determining interest rates, processing and other charges. This was reiterated vide RBI's circular DNBS (PD) C.C. No. 133 / 03.10.001 / 2008-09 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 Master Direction, 2016 as amended and updated from time to time.

RBI further advised NBFC's to adopt an appropriate interest rate model taking into account relevant factors and to disclose the rate of interest, gradations of risk and rationale for charging different rate of interest.

Keeping in view the RBI's guidelines as cited above, and the good governance practices being followed by the Company, the following internal guidelines, policies, procedures and interest rate model have been adopted by the Company. The Board of Directors of the Company (“the Board”), 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 Reserve Bank of India or such other authority from time to time.

#### 2. OBJECTIVE OF THE POLICY:

- To develop an interest rate model to form a guiding principle for rate of interest charged and other charges recovered from customers for all loan products.
- To be compliant with extant guidelines issued by RBI with respect to the interest rate charged and other charges recovered from the customers.
- To formulate a policy and process to avoid charging relatively excessive interest rate to the customers.

#### 3. APPLICABILITY:

- The policy applies to all loan products offered by the Company.
- The Company will continue to evaluate multiple products to meet the financing requirements of its customers.
- The Interest Rate Policy will be applicable and shall continue to be applicable to any product that is developed and provided by the Company to its customers.



#### 4. INTEREST RATE MODEL:

- The Company shall adhere to the following interest rate model:

##### **Rate of Interest**

The Rate of interest should not be less than the borrowing rate of NBFC. If the rate of interest to be charged exceeds the maximum possible limit as per the Reserve Bank of India's guidelines from time to time, the approval of the board will be obtained. For borrowers' maximum rate of interest shall be 48% per annum at the time of disbursement of the loan amount and delayed interest shall be 36.5% over and above the applicable interest rate per annum past the due date. If the rate of interest to be charged exceeds the maximum permissible limit as per the Reserve Bank of India's guidelines from time to time, the approval of the Board will be obtained.

Flat / Reducing interest: The company can quote rate of interest to borrowers on flat basis or reducing basis depending on loan product and market practice.

- The model shall be based on the following assumptions:
  - Cost of debt is the rate at which the Company procures debt for on-lending purposes. The rate shall be treated as indicative and shall vary depending on the market conditions, performance of the company and the rates at which the creditors shall be willing to give the debt.
  - Loan loss provisioning shall be in compliance with the guidelines issued by RBI from time to time and shall be dependent on the provisioning requirements for NBFC.
  - All the rates are indicative.

#### 5. PROCESSING FEES:

The processing fees will be decided from time to time and may be deducted at source. The processing fees may in % basis or on absolute basis.

#### 6. OTHER CHARGES:

The company may charge other charges like bounce charge, documentation charges, stamp charges, NOC charges, foreclosure charges, collection charges, repossession charges, pickup charges etc.

#### 7. COMMUNICATION OF INTEREST RATE/ CHARGES:

Interest rates / other charges would be intimated to the customers at the time of sanction / availment of the loan by the Company. The Interest Rate Model along with the rate of Interest charged to the customers shall be uploaded on the website of the Company and shall be updated as and when there are changes in the rates. Further, changes in the rates for the existing customers shall also be communicated to them.

