

HI-KLASS TRADING & INVESTMENT LTD.

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

Tel.: 2287 4084, 2287 4085

* Email : info@hiklass.co.in

CIN-L51900MH1992PLCO66262

HI-KLASS TRADING AND INVESTMENT LIMITED

INTEREST RATE POLICY

(Adopted by the Board of Directors of the Company at their meeting held on August 08, 2024)

INTRODUCTION

M/s. Hi-Klass Trading and Investment Limited (the 'Company'), in compliance with – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and various circulars issued from time to time, has adopted an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium etc., and determine the Rate of Interest to be charged for loans and advances. Further, the directive states that the rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter. In view of the same, M/s. Hi-Klass Trading and Investment Limited (the 'Company') has formulated the Interest Rate Policy ('Policy').

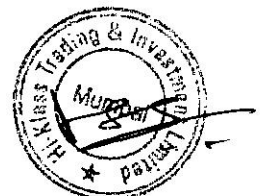
OBJECTIVE OF THE POLICY

The objective of this Policy is to standardize the methodology used to charge interest rate for different category of customer segments and to decide on the principles and approach of charging spreads to arrive at the final rates charged from the customers for its lending business;

METHODOLOGY

The average yields and the Rate of Interest under each product shall be decided from time to time, giving due consideration to the following factors:

- (a) The cost of funds on the borrowings, as well as costs incidental to those borrowings, taking into consideration the average tenure, market liquidity and refinancing avenues etc.
- (b) rating cost in our business and maintaining the stakeholder's expectations for a reasonable, market-competitive rate of return



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- (c) Inherent credit and default risk in our business, particularly trends with sub-groups / customer segments of the loan portfolio
- (d) Nature of lending, for example unsecured/secured, and the associated tenure
- (e) Nature and value of securities and collateral offered by customers
- (f) Subventions and subsidies available, if any
- (g) Risk profile of customer i.e. professional qualification, stability in earnings and employment, financial positions, past repayment track record with us or other lenders, external ratings of customers, credit reports, customer relationship, future business potential etc.
- (h) Industry trends i.e. offerings by competition

INTEREST RATE MODEL

The Company lends money to its customers through Fixed and Floating rate loans. The Broad Categories of customer segments that the company services are mentioned below:

- i. Corporate Borrowers (<What type of loan given to them>)
- ii. Consumer Borrowers (Consumption Loans, Personal Loans, Loans against securities)
- iii. Individual Borrowers (including Term loans and Loan against shares offered to High Net worth individual)

The Interest rates offered to customers for above mentioned loans is based on the following factors:

1. **Cost of Fund**– The Rate of Interest charged is also affected by the rate at which the funds necessary to provide loan facilities to customers are sourced normally referred to as internal cost of funds. From an external cost of funds perspective, the benchmark interest rate that may be used by the company could be either the Base Rate of India or the 10-year Government of India bond as adjusted for the rating spreads available in the markets.

2. **Operating/Overheads cost** – It includes employee expenses, fixed and variable cost, operations cost, sales and marketing expenses, etc.



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3. Risk Premium – Baserisk premium to cover potential credit loss risk, and may vary by business, customer segment, geography, sourcing channel etc. Prices may vary depending upon internal assessment of likelihood of delinquency or potential loss from customer segments.

The applicable interest rate shall also be commensurate from the perspective of the fixed versus floating interest rate requirements of the customers and shall have to be decided in view of the benchmarks deliberated above.

The interest rate to be charged from the borrowers, shall be in the range as mentioned in the **Annexure-1**.

GRADATION OF RISK

The Rate of Interest for loans for various business segments and various schemes thereunder is arrived after adjusting for spread by the relevant business segment. The risk premium attached with a customer shall be assessed inter-alia based on the following factors:

- a) Interest rate risk (fixed vs floating loan);
- b) Credit and default risk in the/ related business segment;
- c) Historical performance of similar homogeneous clients;
- d) Profile and market reputation of the borrower;
- e) Industry segment;
- f) Nature and value of collateral security Secured Vs unsecured loan;
- g) Subvention available;
- h) Ticket size of loan;
- i) Credit Bureau Score;
- j) Tenure of Loan;
- k) Location delinquency and collection performance;
- l) Customer Indebtedness (other existing loans);
- m) Regulatory stipulations, if applicable, and
- n) any other factors that may be relevant in a particular case and as deem fit by the Board of Directors of the Company ("Board").

The rate of interest for the same product and tenor availed during the same period by different customers need not be the standardized one. It could vary for different customers depending upon consideration of all or any combination of above factors.



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PENAL INTEREST/ADD ON INTEREST

Besides normal interest, the Company may collect penal interest / late payment charges for any delay or default in making payments of any dues. These penal interest / late payment charges for different products or facilities would be decided by the Company from time to time.

For all the Borrowers, 1% p.m. in addition to interest on overdue amount as may be mutually agreed with the borrower.

PROCEDURAL ASPECTS

A. The Company shall communicate to the customer:

- The amount of loan sanctioned along with the terms and conditions including annualised rate of interest,
- Details of the default interest / penal interest rates and the charges payable by the customers in relation to their loan account and method of application thereof and (penal interest charged for late repayment of loan would be mentioned in bold in the loan agreement),
- Terms and conditions and other caveats governing the credit given by the company arrived at after negotiation,
- In case of any change in any of the terms and conditions / caveats / any information which is relevant from the point of view of the transaction (including annualised rate of interest), the same shall be conveyed to the customer as an addendum / additional annexure to the agreement/term sheet. However, all the relevant formalities (e.g., further legal documentation, approval of customer, certification of DMI officials etc.) relating to such change shall be documented and a copy of the same shall also be sent to the customer. The same may be communicated through electronic media or any other form of communication by the employees of the company and shall be duly approved by the customer and certified by the authorized official of the company. The acknowledgement of the receipt of the said additional document shall also be preserved on the records by the company officials in a chronological manner for future reference.
- The Company shall also ensure that changes in interest rates and charges are affected only prospectively.



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MONITORING & REVIEW OF THE POLICY

The Policy shall be amended and modified with approval of the Board. The Board of Directors of the Company shall monitor and review the Policy on an Annual basis. Any Amendments in RBI guidelines or any change in the position of the Company, necessary changes in this Policy shall be incorporated and approved by the Board.

Annexure – 1 (To be modified on the basis of the Company)

(1) CORPORATE BORROWERS:

Category of Borrower	Tenure of Loan	Rate of Interest
<i>Corporate Borrower</i>		
<i>Real Estate</i>		
Term Loan		
Non-Convertible Debentures (NCDs)		
<i>Non-Real Estate</i>		
Term Loan		
Non-Convertible Debentures (NCDs)		
Loan Against Shares		
Optionally Convertible Debentures (OCDs)		
Compulsory Convertible Debentures (CCDs)		

(2) CONSUMER BORROWERS:

Category of Borrower	Tenure of Loan	Rate of Interest
<i>Consumption Loan</i>		
<i>Electric Vehicles</i>		
<i>Personal Loan</i>		
<i>MSME</i>		
<i>Loan Against Securities</i>		

