

JJ FINCAP PRIVATE LIMITED
(Formerly known as Radhasoami Resources Private Limited)

INTEREST POLICY

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1. PREAMBLE:

JJ Fincap Private Limited (Formerly known as Radhasoami Resources Private Limited) (“JJFCPL”) is a Non-Banking Financial Company (‘NBFC’) operating under Reserve Bank of India (‘RBI’) regulations/directions and its activities are governed by the various Indian laws and RBI regulations/directions.

This Policy is intended to be representative of JJFCPL guiding philosophy of dealing with customers in a transparent and open manner. Though interest rates are not regulated by RBI, rates of interest beyond reasonable level and not commensurate to the risks undertaken for the particular transaction may be seen to be excessive and not conforming to normal financial practice. Thus, in accordance with the RBI guidelines on Fair Practices Code for NBFCs, JJFCPL has documented Interest Policy approved by the Board of Directors which lays down internal principles and procedures in determining interest rates and other charges on the loan products offered by JJFCPL.

JJFCPL is committed to and conducts its business activities lawfully and in a manner that is consistent with its compliance obligations. Activities of JJFCPL are conducted in line with RBI / Company Law and prevailing local regulations/directions/rules/laws/Acts. In the event this Policy is at variance with regulations/directions /rules/laws/Acts at any stage due to omissions or changes in regulations/directions /rules /laws/Acts, the regulations/rules/laws/Acts would prevail.

The Interest Policy would be put up on the website of JJFCPL for information of various stakeholders.

If any clarifications are needed on this policy, the same must be referred to Grievance Redressal Officer for its final opinion on the issue.

2. ESTABLISHING AN INTEREST RATE:

The interest rate applicable to a particular loan will be determined by reference to a number of factors, including:

a. Type of Loan Product:

- **Fund Based Loan:** Working Capital Loan, Personal Loan, MSME Loan, Loan Against Property, Loan Against Shares, etc
- **Non Fund Based Loan:** Bank Guarantee

However, it is pertinent to note here that JJFCPL issues various types of Loan products as mentioned hereinabove and most of which are designed in accordance with the specific needs of its Clientele.

The interest rates charged are affected based on the type of loan facility granted and its structuring.

b. Nature of lending:

The interest rates charged are affected based on the nature of lending i.e., unsecured/secured, Nature of security/collateral offered.

c. Loan Structuring Premium:

As stated hereinabove, JJFCPL issues various types of loan products, however most of them are designed / structured based on the specific needs of its Clientele, thus loan product which may have any significant structuring elements might be taken in to account while finalizing the Interest rate.

d. Tenor of the loan:

The interest rates charged are affected based on the term of the loan, terms of payment of interest (viz monthly, quarterly, yearly repayment), terms of repayment of principal, moratorium period, bullet payment, back ended payment schedule, etc.

e. **Internal and external costs of funds:**

The rates of interest charged are affected by;

- the rate at which the funds necessary to provide loan facilities to customers are sourced which is normally referred to as External Cost of Funds
- the rate of return as expected by the stakeholders on their equity investment in JJFCPL which is normally referred to as Internal Rate of Return

f. **Internal cost loading:**

The interest rates charged are affected on account of costs of doing business. Factors such as the complexity of the transaction, the size of the transaction and other factors that affect the costs associated with a particular transaction should be taken into account before arriving at the final interest rate quoted to a customer.

g. **Default risk:**

As a matter of prudence, default risk provision cost should be factored into all transactions. The amount of the default risk provision applicable to a particular transaction depends on the credit strength of the customer. Thus interest rates charged are affected on the credit strength and default risk associated with the customers.

h. **Market Dynamics:**

Matching tenor cost, market liquidity, refinance avenues, RBI Policies on credit flow, offerings by competition, stability in earnings and employment, subvention and subsidies available, deviations permitted, further business opportunities, external ratings, industry trends, switchover options will also be relevant factors in determining interest rate to be charged.

3. APPROACH FOR GRADATION OF RISK:

The risk premium attached with a customer shall be assessed inter-alia based on the following factors:

- a. Profile & Market Reputation of the Borrower.
- b. Inherent Nature of the Product, Type / Nature of Facility & Refinance Avenues.
- c. Eligibility of Bank Financing.
- d. Loan to Value of Asset Financed.
- e. Tenure of Relationship with the Borrower / Borrower group & Past Repayment Track Record of the Borrower / Borrower group
- f. Financial Strength of the Borrower and/or Borrower Group, Overall Customer Yield, Future Potential, Repayment Capacity based on Cash Flows and Other Financial Commitments of the Borrower & Mode of Payment
- g. Historical Performance and Default Risk in related Business segment,
- h. Nature and Value of Primary and Secondary Collateral / Security,
- i. Regulatory Stipulations, if applicable,

- j. and any other factors that may be relevant in a particular case.

4. INTEREST RATE:

- a. JJFCPL shall charge interest on fixed rate basis.
- b. The rate of interest shall be within the range of 15% to 36% per annum for any and all of its loan products.
- c. Interest would be charged and recovered on a monthly, quarterly basis or such other periodicity based on the nature of the Loan Product.
- d. The JJFCPL may adopt an interest rate model whereby 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 out in point (2 & 3) above . Hence, the interest rate applied would be different from customer to customer.
- e. In case deemed fit, JJFCPL may consider necessary moratorium for interest payment and repayment of principal with proper built in pricing.
- f. In case of staggered disbursements, the interest shall be charged on prorata basis.
- g. JJFCPL shall disclose 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 communicate the same explicitly in the sanction letter.
- h. Any Change in the Interest rate would be prospective in effect and intimation of change of interest, if any, or other charges would be communicated to customers on immediate basis.

5. PENAL INTEREST /LATE PAYMENT CHARGES:

- a. Interest shall be deemed payable immediately on due date as communicated and no grace period for payment of interest is allowed.
- b. Besides normal interest, JJFCPL may collect penal interest / late payment charges for any delay or default in making payments of any dues. These penal interest / late payment charges would be decided by JJFCPL based on the nature of the loan product.
- c. The rate of Penal Interest / Late payment charges shall be within the rage of 1% to 3% per month.
- d. No claims for refund or waiver of such charges/ penal interest / additional interest would normally be entertained by JJFCPL and it is the sole discretion of the JJFCPL to deal with such requests if any.

6. PROCESSING /DOCUMENTATION AND OTHER CHARGES:

- a. Besides interest, other financial charges like processing fee, documentation charges, legal charges, valuation charges, 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 JJFCPL wherever

considered necessary. Besides the base charges, GST and other cess as may be applicable would be collected at applicable rates from time to time. The above stated charges shall be expressly stated in the Sanction Letter and Loan Documents.

- b. Above stated charges shall vary based on the loan product, exposure limit, customer segment, geographical location and generally represent the cost incurred in rendering the services to the customers. The practices followed by other competitors in the market would also be taken into consideration while deciding the charges.
- c. Any revision in these charges would be with prospective effect. A suitable condition in this regard would be incorporated in the loan agreement. These charges would be decided by JJFCPL based on the nature of the loan product.

7. PROCEDURAL ASPECTS:

JJFCPL shall communicate to the customer:

- a. The amount of Loan Sanctioned along with the terms and conditions including annualised rate of interest & the equated instalments apportionment towards interest and principal dues.
- b. Details of the default interest / penal interest rates (expressed in percentage per day / month / quarter / annum as the case may be) and the charges payable by the customers in relation to their loan account and method of application thereof (penal interest charged for late repayment of loan would be mentioned in bold in the loan agreement).
- c. Terms and conditions and other caveats governing the credit given by JJFCPL arrived at after negotiation
- d. 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 either 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 JJFCPL 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.

The acknowledgement of the receipt of the said additional document shall also be preserved on the records by JJFCPL officials.

- e. Foreclosure charges / prepayment penalty would be charged in line with the agreement with the client except in cases expressly restricted by prevailing RBI Regulations.
- f. Changes to interest rates and charges, other than as documented in the loan agreement, will be effected prospectively.