



**CRISS FINANCIAL HOLDINGS LIMITED**

**INTEREST RATE POLICY**

## 1. PREFACE:

The Reserve Bank of India (RBI) vide its Notification No. DNBS. 204 / CGM (ASR)-2009 dated 2 January 2009 and vide its Guidelines on Fair Practices Code for NBFCs, as amended from time to time (RBI Regulations), has directed all NBFCs to make available the rates of interest and the approach for gradation of risk on web-site of the companies. In compliance with the requirements of the RBI Regulations mentioned above and the Fair Practices Code adopted by the Company, the Company has adopted this Interest Rate Policy broadly outlining the Interest Rate Model and the Company's approach of risk gradation in this regard for its business.

## 2. PREAMBLE:

Criss Financial Holdings Limited ('CFHL') 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 CFHL guiding philosophy of dealing with customers in a transparent and open manner. Though interest rates are not regulated 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, CFHL has documented Interest Rate Policy / Model 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 CFHL.

CFHL is committed to and conducts its business activities lawfully and in a manner that is consistent with its compliance obligations. Activities of CFHL are conducted in line with RBI / Company Law and prevailing local regulations/rules/laws/Acts. In the event this Policy is at variance with regulations/rules/laws/Acts at any stage due to omissions or changes in regulations/rules /laws/Acts, the regulations/rules/laws/Acts would prevail. If any clarifications are needed on these regulations/rules /laws/Acts, the same must be referred to Compliance 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) **Tenor of the loan** - 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, zero coupon structured loans, etc

- b) **Internal and external costs of funds** - the rate at which the funds necessary to provide loan facilities to customers are sourced, normally referred to as our external cost of funds. Internal cost of funds being the expected return on equity; is also a relevant factor.
- c) **Internal cost loading** - the costs of doing business. Factors such as the complexity of the transaction, capital risk weightage, the size of the transaction, location of the borrower and other factors that affect the costs associated with a particular transaction would be taken into account before arriving at the final interest rate quoted to a customer.
- d) **Credit risk** - as a matter of prudence, credit loss (risk) cost would be factored into all transactions. The amount of credit risk cost applicable to a particular transaction depends on the internal assessment of the credit strength of the customer.
- e) **Margin** - A markup to reflect other costs / overheads to be charged to the loan and our designed margin.
- f) **Other Factors** – Matching tenor cost, market liquidity, 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. RATE OF INTEREST:

- a) Interest rates offered could be on fixed rate basis or floating / variable rate basis.
- b) The rate of interest for the same product and tenor availed during same period by different customers need not be standardized.
- c) Loan amount, Annualised Rate of Interest and tenure of loan will be communicated to the borrower in the sanction letter and the apportionment of installments towards interest and principal dues shall be made available to the borrower.
- d) Besides normal Interest, the Company may levy additional interest for adhoc facilities, penal interest / default interest for any delay or default in making payments of any dues. The details of Penal Interest charges for late repayment will be mentioned in bold in the loan agreement and communicated in the sanction letter.
- e) The rate of interest applicable to each customer is subject to change as the situation warrants and is subject to the management's perceived risk on a case to case basis.
- f) Changes in interest rates would be decided at any periodicity, depending upon change in benchmark rate, market volatility and competitor review.
- g) Intimation of change of interest or other charges would be communicated to customers in a manner deemed fit, as per terms of the loan documents. Any revision in interest or other charges would be with prospective effect.
- h) Claims for refund or waiver of charges/ penal interest/ additional interest would normally not be entertained by the Company. It is the sole and absolute discretion of the Company to deal with such requests, if any.

### 4. PROCEDURAL ASPECTS:

- A. *CFHL shall communicate to the customer*

- a) the amount of loan sanctioned along with the terms and conditions including annualised rate of interest
- b) Details of the default interest / penal interest rates (expressed in percentage per month / 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 CFHL 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 CFHL 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 CFHL 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. Current RBI regulations do not permit such charges on floating rate loans to individuals.
- f) Changes to interest rates and charges, other than as documented in the loan agreement, will be effected prospectively.

**B. *Details of interest on the website:***

CFHL will display its interest rate policy and broad interest rate structure on its web-site in line with RBI Directions/Regulations.

**4. AMENDMENT TO THE POLICY:**

This Policy shall be reviewed and approved by the Board as and when any changes are required in the Policy.