

# RAMESHAM SECURITIES & CREDIT (INDIA) LIMITED

CIN: U65100DL1984PLC019035

## Interest Rate & Credit Facility Pricing Policy

### 1. Objective and Scope

Ramesham Securities & Credit (India) Limited (henceforth referred to as "Company" or "Ramesham") is a Non-Banking Financial Company – Investment and Credit Company (NBFC-ICC) registered with the Reserve Bank of India (RBI) and categorized under the **Base Layer**.

Pursuant to the RBI guidelines on Fair Practices Code and the Master Directions on Responsible Business Conduct, the Board of Directors of the Company has adopted this Interest Rate Policy.

The objectives of this policy are to:

1. Ensure that interest rates and other charges are determined in a transparent, objective, and fair manner.
2. Establish a clear methodology for the gradation of risk to price credit facilities dynamically.
3. Ensure absolute regulatory compliance with RBI directives regarding the communication of the Annual Percentage Rate (APR), penal charges, and floating rate resets.
4. Prevent the charging of excessive or unconscionable interest rates.

### 2. Applicability

This Policy is applicable to all credit facilities, loan products, and financial services offered by the Company, directly or through digital lending platforms/outourced agencies.

### 3. Interest Rate Model & Pricing Strategy

The Company shall adopt a scientific and objective interest rate model to determine the rate of interest to be charged for loans and advances. The final rate of interest will be a function of the **Base Cost** and the **Risk & Tenor Premium**.

The Annualized Rate of Interest (ROI) shall be arrived at by considering the following primary components:

Sr No	Component	Remarks
1	Borrowing Rate	Company level or Product specific borrowing rate may be considered. It will also include any fund raising or other cost associated with the borrowings
2	Tenor Premium	An additional premium factored for higher tenor loans to cover interest rate risk and liquidity risks over time
3	<b>Cost of Funds</b>	1 + 2
4	Operating Expenses	The cost of doing business, including customer acquisition, employee costs, legal, administrative, and technological infrastructure costs.

5	Credit Risk Premium	A dynamic margin applied based on the inherent credit and default risk of the asset class, borrower profile, and collateral. It will also include the expected credit losses from the product
6	Operational Risk Premium	A margin applied to cover for any unexpected losses due to operational risks involving people, processes & technology
7	Market Risk Premium	A margin applied to cover risk due to any changes in external environment, including regulatory, which might lead to higher costs or liquidity risks
8	Margin	Based on the expected return on equity, anticipated leverage and market benchmarks
9	Borrower Pricing	3+4+5+6+7+8

#### 4. Approach for Gradation of Risk

The Company shall not apply a "one-size-fits-all" interest rate. Identical products with identical tenors may attract different interest rates for different customers based on a structured risk gradation matrix.

The risk premium attached to a customer shall be evaluated based on various parameters, which could include, but are not limited to, the following:

1. **Borrower Profile:** Salaried vs. Self-Employed, business vintage, stability of income, and educational/professional background.
2. **Credit History:** Credit Bureau scores, past repayment track record, and existing debt obligations.
3. **Nature of Collateral:** Secured vs. Unsecured loans. For secured loans, the liquidity, marketability, and Loan-to-Value (LTV) ratio of the underlying asset.
4. **Ticket Size & Tenor:** Smaller ticket sizes or longer tenors may carry different inherent risks.
5. **Market / Industry Risk:** Economic outlook and stress indicators associated with the borrower's specific industry or geographic location.

Hence, the interest rate applied would be different from customer to customer and his/ her loans.

Company adopts sub product wise pricing grid which shows minimum, maximum and average price mentioned below:

Product	Minimum ROI %	Maximum ROI %
Personal Loan – Unsecured	12%	48%
Business Loan – Unsecured	12%	48%
Buy Now Pay Later - Unsecured	6%	18%

#### 5. Annual Percentage Rate (APR) & Key Fact Statement (KFS)

In compliance with the RBI Master Directions, the Company is committed to complete transparency regarding the total cost of credit.

- **Calculation of APR:** The Company shall communicate the Annual Percentage Rate (APR) to the borrower. The APR is calculated on net disbursed amount using IRR approach and reducing balance method.

The APR shall represent the following –

- Interest
- All upfront fees/charges levied by the Company
- Cost of Insurance linked to the credit facility

The following components shall not be included in calculating APR –

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- Foreclosure Charges
  - Part Payment Charges
  - Penal Charges
  - Instalment Bounce Charges
  - Taxes on any component of APR
- **Key Fact Statement (KFS):** Before executing the loan agreement, the Company shall provide a standardized KFS to all prospective borrowers. No charge, fee, or penalty that is not explicitly mentioned in the KFS shall be levied on the customer at any stage during the loan lifecycle without their explicit, documented consent.
  - **Principles used in interest calculation –**
    - Interest amount will be calculated on the daily outstanding balance in the loan account at the applicable rate
    - Interest would be charged, and recovered on a monthly, quarterly basis or such other periodicity as may be defined in the individual product policy, approved by the designated authority.
    - The minimum period for which interest is payable by the borrower will be 1 day
    - Date of disbursement and closure shall both be considered for interest calculation
    - Interest may be calculated on 360 days / 365 days / Actual Days as defined in the individual product policy
    - Interest may be compounded or simple as defined in the individual product policy
    - The method of calculation of interest will be clearly specified in the Loan Agreement
  - Interest/Instalment shall be deemed payable immediately on due date as communicated and no grace period for payment of interest/Instalment is allowed.

## 6. Processing Fees & Other Charges

Besides interest, the Company may levy other financial charges which could include, but are not limited to, as below –

Sr No	Fees/Charges	Maximum Limit (Excl. GST)
1	Application Fees (Non LAP/Home Loan)	Nil
2	Processing Fees	Nil
3	BNPL – Transaction Charges	Nil
4	Documentation Charges (Non LAP/Home Loan)	Nil
5	Instalment Bounce Charges	Nil
6	Part – Payment Charges	Nil
7	Foreclosure Charges	Nil

All such fees/charges shall be as defined in the individual product policy, approved by the designated authority and shall be clearly documented in the KFS and the Loan Agreement. The maximum amount of the fees/charges will be capped as per the limit specified in table above.

Any changes in charges will be done prospectively for any customer after duly informing the customer of the changes being done.

Requests for waiver of charges 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.

Taxes, as applicable under statutory guidelines (e.g., GST), will be charged over and above these fees.

## 7. Penal Charges

To inculcate credit discipline and to encourage prompt and timely repayment of the credit facilities, the Company may levy charges on payment defaults or non-compliance with terms and conditions of the loan agreement. However, the Company shall strictly adhere to the following principles:

1. **Penal Charges, Not Penal Interest:** Penalty for any event of default or non-compliance of terms & conditions of the loan agreement shall be treated exclusively as "**Penal Charges**". The Company shall **NOT** levy "Penal Interest" that is added to the basic rate of interest charged on the advance.
2. **No Capitalization:** There shall be no capitalization of penal charges. No further interest shall be computed on unpaid penal charges.
3. **Reasonableness:** The quantum of penal charges shall be reasonable and commensurate with the non-compliance.
4. **Parity:** The penal charges for individual borrowers (for non-business purposes) shall not be higher than the penal charges applicable to non-individual corporate borrowers for similar non-compliance.
5. **Disclosure:** The structure of penal charges shall be explicitly displayed on the Company's website under the 'Interest Rate & Charges' section and in the loan documentation namely Application Form, Sanction Letter & KFS. The structure of penal charges will also be mentioned in bold in the loan agreement.
6. **Waiver:** Requests for waiver of penal charges 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.

Penal Charges may be levied for payment defaults and non-compliance of any other terms & conditions, as may be specified in the relevant credit facility documentation.

- In case of payment default, penal charges, if levied, may be charged up to an amount equivalent to 48% p.a. of the amount under default.
- In case of non-compliance with other terms and conditions, an amount not exceeding 5% of the principal outstanding.

## 8. Floating Rate Loans & Reset Mechanisms

For credit facilities sanctioned on a floating interest rate basis, the Company shall ensure fair practices during rate resets:

1. **Impact Communication:** At the time of sanction, the Company shall clearly communicate the possible impact of a change in the benchmark interest rate on the loan (leading to changes in EMI, tenor, or both).
2. **Prospective Changes:** Any change in interest rate will be done prospectively and not retrospectively
3. **Borrower Options on Reset:** Whenever the floating rate is reset upward, the Company shall explicitly give the borrower the option to:
  - Increase the Equated Monthly Instalment (EMI); OR
  - Elongate the loan tenor (subject to maximum age/tenor limits avoiding negative amortization); OR
  - A combination of both; OR
  - Make Part Payment towards the loan to keep the EMI & Tenor same
4. **No Foreclosure on Individual Floating Rate Loans:** In strict compliance with RBI directives, the Company shall **NOT** charge any foreclosure charges or pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers (with or without co-applicants).

## 9. Communication & Transparency

- **Vernacular Language:** The rate of interest, APR, penal charges, and terms & conditions shall be communicated to the borrower in a vernacular language or a language understood by the borrower.
- **Sanction Letter:** The final Sanction Letter must boldly outline the annualized interest rate and the method of application. Along with Sanction Letter a repayment schedule outlining the due date of the instalments and the breakup between principal & interest will be shared with the borrower.
- **Website Disclosure:** The Company shall prominently publish this Interest Rate Policy, the range of interest rates for various products, and the approach for risk gradation on its official website.

## 10. Refund of Excess Interest/Charges

In the event that the Company identifies an error leading to excess interest or charges being levied on a customer's account, the same shall be refunded directly to the customer's bank account or adjusted against the outstanding principal within 15 working days of detection.

## 11. Review & Delegation of Authority

- The implementation and administration of this Policy shall be monitored by the Management Committee.
- The Management Committee is authorized to modify the base rates, processing fees, and premium matrices from time to time based on market conditions, within the framework of this Policy.
- **Board Review:** This Interest Rate Policy shall be reviewed by the Board of Directors at least **annually**, or more frequently if necessitated by changes in the macroeconomic environment or RBI regulatory directives.