

Policy	Date of Approval:	Next Review: As and when required
Policy of Interest Rate and Other charges	Effective date of implementation:	Version: V.1.0_04/22



MANGAL
CREDIT & FINCORP LIMITED

*Ek Mangalamay
Shuruvaat*

Policy of Interest Rate and Other charges

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1. BACKGROUND, SCOPE AND OBJECTIVE

1.1 Background & Scope: As per the Guidelines on Fair Practices Code prescribed by the Reserve Bank of India (“RBI”), the Board of an NBFC is required to adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The Boards of an NBFC are required to lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. Accordingly, this Policy for Rate of Interest and other Charges (“the Policy”) is being proposed for adoption by Mangal Credit & Fincorp Limited (“the Company”) for its lending businesses with the approval of its Board of Directors.

1.2 Objective of the Policy: The Policy has been proposed is in accordance with the Fair Practices Code prescribed by the RBI. The objective of the Company is to decide broad parameters for and to maintain transparency in deciding Rate of Interest and other charges which may be levied by the Company on its loan products.

1.3 Approval and Review of the Policy: The Policy will be initially approved by the Board of Directors. The Board hereby authorizes the Managing Director or CEO to review and make appropriate changes to the Interest Rate Policy from time to time basis applicable rules and regulations, the money market scenario in the Country which includes the upward / downward revision in interest rates applicable to various loan products and the relevant charges applicable for such loan products. However, once in a year, the Policy with amendments carried-out during the year should be presented before the Board for their ratification.

2. POLICY STANDARDS

2.1 Policy on Rate of Interest - MCFL lends money to its customers through Fixed and Floating rate loans. The floating rate offered to customers is linked to Benchmark interest rate of the company.

2.1.1 Benchmark Rate of Interest of the Company will primarily be based on the following factors:

1. Marginal/ Incremental/Overall Cost of Borrowing.
2. Expected Return on Networth/ Paid-up Equity Capital.
3. Operating Cost.
4. Minimum Standard Asset Provisioning and NPA provisioning.

2.1.2 Additional margins on the Benchmark Rate of Interest may be applied for a particular loan facility considering the following factors:

Credit Risk Premium.

Tenor Premium.

Repayment term premium

Business Strategy.

Additional Cost of Capital.

Additional credit & operations cost.

The above factors (2.1.1. and 2.1.2) are not exhaustive in nature. Any other factor which may impact benchmark rate of interest may be taken into account while arriving at it.

2.1.3 Annualized Rate:

The Company will communicate annualized Rate of Interest to all its borrowers so that its borrowers are aware of exact rates that will be charged to respective loan facility.

2.1.4 Type of Interest Rate: The company

2.1.5 Ceiling on Rate of Interest:

The Company will ensure that applicable rate of interest to any borrower should not exceed – 36 % per annum for personal loans.

36% per annum for Business Loans

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36% per annum for Gold & Jewelry Loans

30% per annum for Loan against property

36% for any other loans

For any exceptions approval of MD and CEO to be obtained.

2.1.6 Penal Interest:

The Company will mention penal interest charged in the loan documents or agreement.

2.2 Pre-payment charges:

The Company will levy pre-payment penalty for early closure of any of the loans in accordance with the extant regulatory requirements. Current applicable charges will be published on the Company's website from time to time.

2.3 Processing, Documentation, Title verification, Valuation charges, visit charges, inspection/audited related charges, collection, and legal charges and/or other Charges: These charges may vary based on the type of loan, loan amount, expenses incurred towards sourcing and processing of specific loan proposals and will generally represent the cost incurred in rendering services to the customers. Any revision in these charges would be implemented prospective basis with due communication to customers. These charges would be decided upon by the respective business / Function heads in consultation with Operations, Finance, Compliance and Legal Heads subject to approval from MD and/or CEO.

2.4 Statutory charges, Government taxes, Duty, stamp duty, chess, levies etc would be collected at applicable rates from time to time.

3. DISCLOSURE AND COMMUNICATION

The Annualized / Effective Rate of Interest and Fee/ Charges will be communicated to customer at time of sanction or availing loan / facility via sanction letter or loan document or agreement or any other acceptable mode of communication.

Interest Rate Policy would be uploaded on the website of the company and any change in the benchmark rates and charges for existing customers would be uploaded on the web site of the Company.

The Company will provide information on change in interest rate/charges, latest Rate of Interest, Fee/ Charges through any one or more of the following channels:

- i) Putting up notices at branch.
- ii) Through Customer Service representatives.
- iii) Through E-mail/ SMS/ Electronic Message.
- iv) On the Company's Website.
- v) Any other acceptable mode of communication

4. AUTHORITY

4.1 Benchmark Rate of Interest of the Company-The ALCO constituted by the Board will have authority to decide Benchmark Rate of Interest of the Company and revise the same in accordance with parameters defined in the Policy.

4.2 Range of Rate of Interest for various loan products-The MD and/or CEO will have authority to approve Range of Rate of Interest for various loan products of the Company, from time to time, as per parameters defined in the Policy.

4.3 Fee and Charges- The MD and/or CEO will have authority to approve Fee and Charges applicable on various loan products

This policy will supersede all policies on Interest rate and other charges, if any, approved in past. We request the Board of Directors to review, make a note of this Policy and approve for implementation of this Policy framework across the product range of the Company.

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