RAJKOT INVESTMENT TRUST LIMITED

INTEREST RATE POLICY

1. PREAMBLE

This Interest Rate Policy (“Policy”) is framed pursuant to the provisions of the Reserve Bank of India Act, 1934, the RBI Master Direction – Non-Banking Financial Company – Scale Based Regulation Directions, 2023, Fair Practices Code guidelines and other applicable regulatory requirements.

The Policy sets out the principles and methodology for determining interest rates and other charges applicable to various loan products offered by the Company.

2. OBJECTIVES

The objectives of this Policy are to:

a) Ensure transparency in determination and disclosure of interest rates;

b) Establish a framework for risk-based pricing of loan products;

c) Ensure compliance with RBI guidelines;

d) Promote fair lending practices;

e) Protect the interests of customers while maintaining the Company’s profitability and sustainability.

3. APPLICABILITY

This Policy shall apply to all credit facilities and loan products offered by the Company, including:

- Secured Loans;
- Unsecured Loans;
- Corporate Loans;
- Business Loans;
- Personal Loans;
- Any other credit products introduced from time to time.

4. PRINCIPLES OF INTEREST RATE DETERMINATION

The Company shall adopt a risk-based pricing approach while determining interest rates.

Interest rates shall be determined based on the following factors:

A. Cost of Funds

- Cost of borrowings;
- Cost of capital;
- Liquidity costs;
- Market borrowing rates.

B. Credit Risk Premium

- Borrower’s creditworthiness;
- Credit score;
- Repayment capacity;
- Financial strength;
- Industry risk.

C. Operational Costs

- Cost of servicing loans;
- Collection costs;
- Administrative expenses;
- Technology and compliance costs.

D. Tenure Risk

- Loan maturity period;
- Repricing risk;
- Asset Liability Management considerations.

E. Security Coverage

- Nature of collateral;
- Loan-to-value ratio;
- Quality of security offered.

F. Business Strategy

- Product category;
- Market competition;
- Portfolio diversification objectives.

5. INTEREST RATE MODEL

The lending rate may be determined using the following methodology:

Interest Rate = Cost of Funds + Operating Cost + Credit Risk Premium + Profit Margin

The Company may revise any component of the pricing model based on market conditions and business requirements.

6. DIFFERENTIAL INTEREST RATES

The Company may charge different interest rates for different borrowers based on:

- Credit profile;
- Nature of loan;
- Security offered;
- Loan amount;
- Tenure;
- Industry segment;
- Past repayment track record.

The differential pricing shall not be discriminatory and shall be based on objective risk assessment criteria.

7. TYPES OF INTEREST RATES

The Company may offer:

Fixed Interest Rate

Interest remains constant throughout the tenure of the loan unless otherwise agreed.

Floating Interest Rate

Interest may vary based on:

- Benchmark rates;
- Cost of funds;
- Market conditions;
- Regulatory requirements.

Changes in floating rates shall be communicated to borrowers.

8. PROCESSING FEES AND OTHER CHARGES

The Company may levy:

- Processing Fees;
- Documentation Charges;
- Legal Charges;
- Valuation Charges;
- Penal Charges;
- Foreclosure Charges (where permitted);
- Other service-related charges.

All charges shall be disclosed upfront in the sanction letter and loan agreement.

No hidden charges shall be levied.

9. PENAL CHARGES

The Company may levy penal charges for:

- Delay in repayment;
- Non-compliance with loan terms;
- Breach of covenants.

Penal charges shall:

- Be reasonable and transparent;
- Not be used as a source of revenue enhancement;
- Be disclosed in the loan agreement and sanction letter.

The Company shall comply with RBI guidelines relating to penal charges and penal interest issued from time to time.

10. DISCLOSURE REQUIREMENTS

The Company shall disclose:

- Annualized Rate of Interest;
- Methodology of interest rate determination;
- Applicable fees and charges;
- Penal charges framework.

Such disclosures shall be made through:

- Sanction Letter;
- Loan Agreement;
- Key Fact Statement (where applicable);
- Company's Website.

11. COMMUNICATION OF CHANGES

Any change in interest rates or charges shall be communicated to borrowers through:

- Email;
- SMS;
- Website;
- Account Statement;
- Other appropriate modes.

Changes shall be applied prospectively unless otherwise permitted by law.

12. TRANSPARENCY AND FAIR PRACTICES

The Company shall ensure:

- Clear disclosure of all costs;
- No misleading representations;
- Fair treatment of borrowers;
- Compliance with Fair Practices Code.

13. RESPONSIBILITY

The Board of Directors shall approve this Policy.

The management shall:

- Implement the Policy;
- Periodically review pricing practices;
- Ensure compliance with RBI regulations.

The Compliance Officer shall monitor regulatory compliance under this Policy.

14. REVIEW OF POLICY

This Policy shall be reviewed at least annually or earlier if required due to:

- Regulatory changes;
- Market developments;
- Business requirements.

15. AMENDMENTS

The Board may amend this Policy from time to time to ensure compliance with applicable laws and regulatory requirements.

16. EFFECTIVE DATE

This Policy shall come into effect from the date of approval by the Board of Directors and shall remain in force until amended or replaced.