

JALAN CHEMICAL INDUSTRIES PVT LTD

Interest Rate Policy

(Formulated in terms of Para 45 of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023; approved and adopted by the Board of Directors at their meeting held on 31.03.2024)

Our Company, M/s. Jalan Chemical Industries Pvt Ltd, is an Investment and Credit Company “NBFC-ICC”, as defined in Para 5.1.19 of Chapter II of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“the Directions”) issued by the Reserve Bank of India on 19th October, 2023. The Company is engaged in the business of providing finance by way of making loans and trading/investments in securities.

Para 45.11 of Chapter VII of the Directions inter-alia stipulates as under:

Regulation of excessive interest charged by NBFC

1. The Board of each NBFC shall 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 rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
2. The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the companies or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.
3. The rate of interest must be annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

Para 45.12 of Chapter VII of the Directions inter-alia stipulates as under:

Complaints about excessive interest charged by Applicable NBFCs

1. The Reserve Bank has been receiving several complaints regarding levying of excessive interest and charges on certain loans and advances by NBFC. Though



interest rates are not regulated by the Bank, rates of interest beyond a certain level may be seen to be excessive and can neither be sustainable nor be conforming to normal financial practice.

2. Boards of applicable NBFCs, therefore, shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. In this regard the directions in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view.

Having regards to the above directions and other regulations, the Company has framed this policy.

The Reserve Bank of India vide Para 45 of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, has directed that the Board of each NBFC shall approve an Interest rate model for the Company, taking in to account relevant factors such as cost of funds, margin and risk premium etc and determine the rate of interest to be charged for loans and advances. Further, the directives states that the rate of interest and the approach for gradations of risk and the rationale for charging different rates of interest for different category of borrowers should be communicated to the borrowers / customers in the sanction letters to them. The rate of interest must be annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

In compliance with the said RBI directives, the Interest rate model for the Company is given below:

Principles for determining interest rate for loans:

- JCIPL lends out of its owned funds as well as borrowings. It has its own model for arriving at base rates taking into consideration among other things bank rates, unallocable overheads and other administrative costs.
- The rate of interest for loans for various is arrived at through base rate model, cost on account of risk and tenor premium for the concerned business segment, business specific operating cost and margin is added to arrive at the lending rate.
- The final lending rate for various products offered by JCIPL will be arrived at after taking into account market reputation, interest, credit and default risk in the related business segment, historical performance of similar homogeneous clients, profile of the borrower, tenure of relationship with the borrower, repayment track record of the



borrower in case of existing customer, subventions available, deviations permitted, future potential, group strength, overall customer yield, nature and value of primary and collateral security, etc. Such information is gathered based on information provided by the borrower, credit reports, market intelligence and information gathered by field inspection of the borrower's premises.

- The interest rates could be offered on fixed or variable basis.
- The interest re-set period would be decided by the company from time to time.
- The interest could be charged on monthly or quarterly rests.
- Interest rates would be intimated to the customers at the time of sanction / availing of the loan and EMI apportionment towards interest and principal dues would be made available to the customer.
- The interest shall be deemed payable immediately on the due date as communicated and no grace period for payment of interest is allowed.
- Besides normal interest, the company may levy penal charges for non-compliance of terms of sanction.
- Changes in the interest rates and charges would be prospective in effect and intimation of change of interest or other charges would be communicated to customers in a mode and the manner deemed fit.
- Besides interest, other financial charges like processing fees, origination fees, cheque bouncing charges, late payment charges, reschedulement charges, pre-payment / foreclosure charges, part disbursement charges, cheque swap charges, security swap charges, charges for issue of statement account etc., would be levied by the company wherever considered necessary. Besides these charges, stamp duty, service tax and other cess would be collected at applicable rates from time to time. Any revision in these charges would be from prospective effect.
- While deciding the charges, the practices followed by the competitors in the market would also be taken into consideration.
- Claims for refund or waiver of charges / penal charges would normally not be entertained by the company and it is at the sole discretion of the company to deal with such requests.



- Any revision in the Company's base rate and the consequential interest rates applicable to business would be reviewed by the Board.
- The Board shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. In this regard the directions in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view..

