

Standard Chartered Capital Limited (SC Capital)

Interest Rate Policy

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1. Background & Purpose

The Reserve bank of India (RBI) vide Master Direction no. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17 dated 1st September 2016, as amended, and applicable to - Non-banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, has mandated that

- The Board of applicable NBFC shall adopt an interest rate model considering relevant factors such as cost of funds, margin, risk premium and determine the interest rate to be charged for loans and advances.
- The interest rate and the approach for gradations of risk and rationale for charging different interest rate to different category of borrower shall be disclosed to the borrower explicitly in the Business Facility Letter (Sanction Letter).
- The interest rate and the approach for gradation of risk shall be made available on the website of the company or published and shall be updated whenever there is a change.
- The interest rate must be an annualised rate so that the borrower is aware of the exact rate that would be charged to the account.

To ensure compliance with the requirement of RBI and Fair Practices Code adopted by SC Capital “The Company”, Interest Rate Policy & Company’s approach for gradation of risk with respect to Lending Business has been outlined below.

2. Products Offered

1. Secured Loan (Loan Against Securities, Loan Against Property, Term Loans to Corporate etc).
2. Unsecured Loan (Business Loan, Personal Loan etc).
3. Or such other loan products as may be offered by the company from time to time.

3. Computation of Interest Rate for Lending

The company acquire its business through direct sourcing, referrer partners and other intermediaries through offline as well as through digital mode.

- Interest rate applicable to each loan, within the applicable range is assessed on a case specific basis. While arriving at the interest rate and other charges applicable for a particular loan the company will take into account various component including but not limited to the Tenor of the loan, Cost of Funds, Liquidity Coverage Ratio (LCR) costs, Asset Liability Mismatch costs, Fund Raising costs, Operating costs, and Spread.
- Cost of funds is subject to the credit rating of the company, tenor of borrowing, principal repayment terms, etc.
- The Operating costs includes employee expenses, branch related fixed and variable costs, other operational costs, sales and marketing expenses, technology costs, etc.
- The interest rate can be offered on floating basis or fixed basis. The proposed annualised interest rate would be clearly communicated to the borrower in the Business Facility Letter (Sanction Letter). Further any changes in interest rate will be reviewed / reset as per applicable / required periodicity. In case of interest rate reset on the facility, the same will be intimated / communicated to the borrower appropriately.
- Borrower Pricing and Spread will be within the Board approved pricing policy for the specific product and will be approved by the relevant authority authorised by Board of the Company.

4. Component of Spread

The Spread will be determined considering: A) Term Spread B) Credit Spread C) Business Strategy

- **Term Spread:** The Term Spread will be determined by structure of the Company's borrowing along with the tenor of the facility availed by the borrower. The spread will vary depending on the loan product offered by the Company.
- **Credit Spread:** The Credit Spread will depend on the following factors:
 - Borrower and Borrower Group Credentials which include nature of business, financial profile including net-worth, profitability, liquidity, debt repayment capability etc
 - Track record of honouring commitments related to interest/principal and security/margin top-ups
 - External Credit Rating
 - Security / Collateral type to be pledge / lien
 - Security / Collateral cover including value and liquidity
 - End-use of Funds
 - Credit and default risk
 - Bureau Score
 - Any other criteria specific to the transaction accepted by SCCL.
- **Business Strategy:** Business strategy will evaluate factors such as market competition, operating costs, market liquidity, embedded options in the loan products, etc to determine appropriate pricing and spread. Market competition in the loan product will majorly determine borrower level pricing.

5. Processing Fees / Commitment fees / Other Charges

The Company may levy processing fees / commitment fees / other charges on its borrower for loans sanction on a case to case basis. Generally, this will be up to 4% of the sanction limit or disbursement amount. Quantum of processing fee would depend upon the type of collateral, nature and volume of documentation involve; services required from external agencies etc. Post Date Cheques / ECS / Standing Instructions (SI) will be presented for clearing on or after due date. In case of dishonour of the said cheque / instruction, dishonour charges of min Rs 550/- exclusive of Goods and Service Tax will be charged for each instance of dishonour.

Changes / waiver of such fees / charges will be approved by the relevant authority in certain cases based on the justification provided by the borrower.

6. Penal Interest Rate

The Borrower will be levied a penal interest at the rate of 2% per month (24% per annum) over and above the existing interest rate on its loan, if the borrower does not service the interest and/or repay the principle loan amount on the due date as per the contractual agreement or as demanded by the Company for any other reason that the Company might deem fit.

Changes / waiver of such penal interest will be approved by the relevant authority in certain cases based on the justification provided by the borrower.

7. Change in Lending Rate

The borrower interest rate will be reviewed / reset as per applicable / required periodicity. Relevant impact will be assigned to the loan taken by the borrower bases the pricing policy component and its computation. In case of an interest rate reset on the facility, the same will be intimated / communicated to the borrower appropriately.

Changes / waiver of such lending interest rate will be approved by the relevant authority in certain cases based on the justification provided by the borrower.

8. Pricing Delegation of Authority

The Spread / Penal Charges / Processing Fees / any other charges will be approved as per the relevant authority authorised by Board of the Company.

9. Review of Policy

The policy shall be reviewed once in a two year or anytime within 2 years if required by the Asset Liability Management Committee due to changes if any in the model, for example any addition / deletion of a particular component forming part of the policy. Any revision in this Policy shall be decided by the Asset Liability Management Committee and shall be subsequently presented to the Board of Directors for their approval.

10. Disclosure

This policy will be made available on the Company website in accordance with the Company Fair Practice Code and RBI Guidelines.

The annualised rate of interest range as may be offered by the company from time to time is as follows (for reference only)

Secured (Loan Against Securities / Loan Against Property / Term Loan to Corporate etc)	- 07% to 18%
Unsecured (Business Loans / Personal Loans etc)	- 12% to 24%
Other loan products as may be offered from time to time	- 07% to 24%

Policy Governance

Policy Owner	Product Head
Enquiry Contact	Mohammad Asif Ghadiyali
Enquiry Contact's Job title	Director
Approver	Board of SC Capital
Approver's Job title	Board of SC Capital
Board Approval Date	February 2023
Next Review Date	2 years from the last approval date.