Interest Rate Policy

Mirae Asset Financial Services (India) Pvt. Ltd. (MAFS)

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Financial Services

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Preamble

- The Reserve Bank of India (RBI) vide Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025, has directed all NBFCs to make available the rates of interest and the approach for gradation of risk on website of the companies.

- In compliance with the requirements of the RBI Directions mentioned above and the Fair Practices Code adopted by Mirae Asset Financial Services (India) Private Limited (MAFS), MAFS has adopted this Interest Rate Policy broadly outlining the Interest Rate Model and the Company's approach of risk gradation in this regard for its lending business.

Objectives of the Policy

This Policy outlines MAFS Interest rate Model and approach to the gradation of risks. The primary objectives of the Policy are as follows:

- To prevent the charging of excessive interest rates.

- To enable Customers, know on what basis the interest rates that will be charged on the loan amount per annum.

- To enable Customers, know the conditions upon which the interest rates are arrived at.

- To ensure transparency in customer dealings.

Organization Structure

Board of Directors:

The Board of Directors shall have oversight for the Policy on determining Interest Rate, Processing & other charges ("Interest Rate Policy") of the Company. In order to ensure effective implementation of the Interest Rate Policy, the Board may delegate the implementation of the Policy and its operational aspects to the Asset Liability Management Committee (ALCO) as may be deemed fit.

Asset Liability Management Committee (ALCO)

ALCO shall be responsible for evaluating and approving the Interest rate range within which loans shall be granted to the customers. Any changes in the Interest rate range shall be approved by the ALCO and would be put up to the Board in subsequent meeting.

Respective Product Manuals may have their internal pricing policies under the overall framework of Board approved interest rate policy in deciding the spreads to arrive at the final rate to be charged to the borrower depending on various factors.

Changes to product level internal pricing policies, if any, would need to be recommended by the Head of respective Business to the Asset Liability Management Committee (ALCO) for approval.

Interest Rate Model

MAFS' business model is geared at providing credit only to customers meeting the benchmarks set by MAFS.

The interest rate chargeable to each loan account is assessed on a case-by-case basis, upon an evaluation of factors which are considered below:

Tenure of the Loan & Payment Terms

MAFS takes the term of the loan and terms of payment of interest into consideration in evaluating interest rates.

Internal and External Costs of Funds

The cost of sourcing the funds for providing loans to customers (external cost of fund) and the expected return on equity (internal cost of funds) are also considered.

Internal cost loading

Factors such as the costs of doing business, the complexity of the transaction, capital risk involved, size of the transaction, location of the customer etc. if and as may be applicable for the underlying product as per its respective policy are also given a consideration.

Credit Risk

The cost of credit loss is also taken into consideration in assessing the interest rate chargeable on loan accounts. MAFS' internal assessment of the credit strength of a customer is also taken into consideration in determining the amount of credit risk cost applicable to the said customer.

ALM Mismatch Cost

The Company borrows funds through short term and long term products and to comply with the regulatory guidelines, it needs to manage ALM gaps under the prescribed tolerance limits, while taking in to account the prepayments made by the customers.

Expected ROA

Expected Return on assets is the return expected by the company on its assets. The Company expects a reasonable ROA range between 1%-10% of in normal course of business which may vary from this range depending upon the exceptional business scenarios.

Structuring Premium

In the event that, there is a significant structuring element regarding the collateral or other aspects of transaction structure, MAFS may apply a premium to the loan.

Market Dynamics

The prevailing interest rates offered by other NBFCs and/or other lenders for similar products / services as offered by MAFSIPL shall be taken into consideration in assessing chargeable interest rates. The forecasts and analysis of "what if" scenarios are also relevant factors for determining interest rates to be charged.

Other relevant factors such as securities offered and the type and risks attached thereto matching tenure cost, market liquidity, relevant RBI Policies, stability of customers' earnings and employment history, subvention and subsidies available, deviations permitted, further business opportunities, external ratings, industry trends, switchover options etc. may also be considered by MAFS in determining the interest rate to be charged upon customers.

Approach for Risk Assessment

The factors which are considered in assessing a customer's risk premium are assessed as follows:

- ❖ The profile, financial stability and market reputation of the customer.
- ❖ Inherent nature of the product, type / nature of facility, loan to value of asset financed.
- ❖ History and duration of relationship with the customer, past repayment track record and historical performance of similar clients.
- ❖ Group strength, overall customer yield, future potential, repayment capacity based on cash flows and other financial commitments of the customer.
- ❖ Nature and value of primary and secondary collateral / security.
- ❖ Any other factors that may be relevant for the assessment of risks on a case-to-case basis.

Rate of Interest

MAFS shall calculate its interest rate according to the 30/365 or Actual/Actual-day count convention. The rate of interest for the same product and tenure availed during same period to different customers may differ depending on the result of an application of the conditions listed in this policy. The current Interest Rate Range as approved by the ALCO is mentioned below:

Loan Type	**Rate Range***
Loan Against Securities/Mutual Fund	From 9% to 24%
Personal Unsecured Loan	From 10% to 36%
Other Loans	From 10% to 36%

*The Company may grant/ sanction loans at a rate below the rate range as mentioned only after assessing the risk associated and the rationale for providing such loans, subject to approval of ALCO.

The rate of interest for loans for various business segments and various schemes thereunder is arrived at based on cost on account of risk and tenor premium for the concerned business segment, business specific operating cost, cost of funds etc. and a margin is added to arrive at the lending rate.

The final lending rate for various products offered by the Company 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 (if any) of the borrower's premises.

The rates of interest for the same product and tenor availed during same period by different customers need not be standardized. It could vary for different customers depending upon consideration of any one or combination of above factors.

The interest rate to be charged to the borrower for the loans will be decided keeping in view the RBI's guidelines relating to regulation of excessive interest charged by NBFCs.

The Rate of interest to be charged will be duly disclosed to the borrower/s in the Loan Agreement.
The interest rates on each of the loan products would be as per pricing policy of the company or as decided by the Credit Committee with in overall interest range approved by ALCO.

The rate of interest for the same product and tenor availed during same period by different borrower need not be uniform. It could vary for different products for the same or different borrower.

The interest rates could be offered on fixed or variable basis.

The interest reset period would be decided by the Company from time to time.

Interest is to be calculated on the amount utilized or outstanding and not merely on the sanctioned limit.

No interest is payable on credit balance in borrower's account.

The average yield on a credit product and minimum rate of interest under each product line would be decided from time to time by the relevant authority.

Rationale for charging different rate of interest to different categories of borrowers depending upon consideration of any or combination of a few or all factors listed above shall be documented and the same shall be disclosed to the borrowers or customer in the application form and communicated explicitly in the sanction letter.

The annualized rate of interest and approach for gradation of risks shall be intimated to the borrowers and would be displayed in the statement of accounts.
In case the due date falls on a public holiday or Sunday, it shall be deemed to fall due on the next subsequent working day or as informed to the borrower(s) from time to time.

Important changes in the policy shall be published on the website and/or published in the newspaper and/or communicated to the borrowers before implementing changes in rates.

Interest Rates would be intimated to the customers at the time of sanction/availing of the loan and the EMI apportionment towards interest and principal dues would be made available to the customers.

The interest shall be deemed payable immediately on debits. However, grace period may be allowed for payment of interest. The changes in rates would be prospective in effect and intimation of change and other charges would be communicated to customers in any mode deemed fit.

Penal Charges Policy

The Company may collect a penalty for non-compliance of material terms and conditions of loan contract by the borrower only by way of penal charges and the same shall not be collected as penal interest that is added to the rate of interest charged on the loan amount. Further, late payment fees may be levied on a borrower who fails to make loan due payment by the due date or there is a bounce instance received from the registered bank account for auto debits.

The penal charges shall not be capitalized by the Company i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.

The Company shall also not introduce any additional component to the rate of interest charged to the borrower and shall ensure compliance with the above.

The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan/product category.

The Company shall not, under any circumstances, levy higher penal charges to individual borrowers, who have availed the loan for purposes other than business, than non-individual borrowers for similar non-compliance of material terms and conditions.

The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) provided to them (pursuant to RBI Guidelines on Digital Lending dated September 02, 2022 and RBI Circular dated April 15, 2024 on Key Fact Statements for Loans and Advances) and the loan agreement. The same shall be displayed on websites of NBFCs under Interest rates and Service Charges.

Further, whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the Company will communicate the penal charges associated with the same to the Borrower. Any instance of levy of penal charges by the Company shall be communicated to the borrower along with the reason thereof.

As a deterrent against intentional delinquency and to encourage prompt and timely repayment of instalments, the Loan Agreement provides for penal charges of upto 6% over and above the normal rate of interest. In deserving cases, such charges or interest are settled at much lower rates or waived as per the Authorization Matrix.

Processing /Documentation and Other Charges

The Company generally charges a fee on the loan amount depending on the category of loan and risk associated in the form of processing fees/ non-refundable upfront fee. These charges would be decided or revised by the credit committee at product level.

All such charges will be disclosed clearly in the loan documentation with the borrower, including in the key facts statement (provided pursuant to RBI Guidelines on Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025).

. The schedule of charges is updated in website and/or email and/or other communication shared to the customers. These could vary based on the asset financed, exposure limit, expenses incurred, customer segment and represent the costs incurred in rendering effective services to the customers. The base charges, Goods & Service Tax and other Cess would be collected at applicable rates from time to time. Any revision would be from prospective effect.

Any fees, charges, etc. which are not mentioned in the Key Fact Statement, will not be charged by to the borrower at any stage during the term of the loan, without explicit consent of the borrower.

Key Facts Statement (KFS) is a statement of key facts of a loan agreement, in simple and easier to understand language, provided to the borrower in a standardised format.

The Company shall also ensure that changes in interest rates and charges are affected only prospectively and this should be duly recorded in the loan agreement/ terms and conditions of financing.

In case deemed fit, the company may consider necessary moratorium for interest payment and repayment of principal with proper built-in pricing.

No claims for refund or waiver of such charges/penal interest/additional interest would normally be entertained by the company and it is the sole discretion of the company to deal with such requests if any.

In case of discrepancies between this policy and the Loan Agreement, the Loan Agreement will supersede this policy. The Directions issued by the Reserve Bank of India would naturally bear a superseding effect on this policy.

Communication Framework

MAFS will communicate the effective rate of interest to customers at the time of sanction / availing of the loan through the acceptable mode of communication.

Changes in the rates and charges for existing customers would also be communicated to them through various modes communication such as website updation, email, letters, SMS, etc.

Review/Revision of Policy

If at any point a conflict of interpretation / information between the Policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities ("Regulatory Provisions") arises, then interpretation of the Regulatory Provisions shall prevail. In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions. The Board and/or its committee reserve(s) the right to alter, modify, add, delete or amend any of the provisions of the Policy.