

YES CAPITAL (INDIA) PRIVATE LIMITED

YES CAPITAL (INDIA) PRIVATE LTD

Interest Rate Policy

1. PREFACE

This Policy is intended to be representative of Yes Capital (India) Private Ltd ("YCPL", "Company") guiding philosophy of dealing with customers in a transparent and open manner. Though interest rates are not regulated RBI, rates of interest beyond reasonable level and not commensurate to the risks undertaken for the particular transaction may be seen to be excessive and not conforming to normal financial practice. Thus, in accordance with the RBI guidelines on Fair Practices Code for CICs, the Company has documented Interest Rate Policy / Model approved by the Board of Directors which lays down internal principles and procedures in determining interest rates and other charges on the products offered by the Company.

The business model of Yes Capital (India) Private Ltd ("YCPL" or "Company") focuses on providing credit only to customers meeting the credit standards of YCPL. The interest rate applicable to each borrower, within the applicable range is assessed on a case specific basis, based on evaluation of various factors detailed below:

2. ESTABLISHING AN INTEREST RATE

2.1 The rate of interest to be charged for loans and advances will be in the range of 8% to 25% p.a (excluding any fee and variable redemption / equity upside for structured transactions)

2.2 The rate of interest shall be arrived at after taking into account relevant factors, such as cost of funds, margin and risk premium, including the following:

- (a) **Tenor:** The rate of interest charged will depend on the tenure of the loan
- (b) **Internal and External Costs of Funds** - The rate of interest charged is also affected by the rate at which the funds necessary to provide loan facilities to customers are sourced, normally referred to as internal cost of funds. All loans or credit facilities should, at minimum, provide an IRR or a life to maturity yield in the band of 8% to 25% per annum. For floating rate loans the benchmark interest rate that may be used by the Company could be either the reference rate of any leading commercial bank or any other reference rate such as spread over G-secs, commercial papers etc. that may be readily available in the market.
- (c) **Internal Cost Loading** - The interest rate charged will also take into account costs of doing business
- (d) **Credit Risk** - As a matter of prudence, credit loss (risk) cost should be factored into all transactions. The amount of the credit risk cost applicable to a particular transaction depends on the credit strength of the customer. Factors such as the complexity of the transaction, the size of the transaction and other factors that affect the costs associated with a particular transaction should be taken into account before arriving at the final interest rate quoted to a customer.
- (e) **Fixed versus Floating** – the applicable interest rate shall also be commensurate from the perspective of the fixed versus floating interest rate requirements of the customers and shall have to be decided in view of the benchmarks deliberated in point number (b) above.



CIN: U67120MH2003PTC140362

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- (f) **Periodicity of Interest** - Interest will be charged for the period as stipulated in the loan agreement, subject to any modifications thereto as may be agreed by and between the Company and the customer, in writing.

3. PROCEDURAL ASPECTS

A. The Company shall communicate to the customer

- (a) The amount of loan sanctioned along with the terms and conditions including annualised rate of interest
- (b) Details of the default interest / penal interest rates (expressed in percentage per month / annum as the case may be) and the charges payable by the customers in relation to their loan account and method of application thereof (penal interest charged for late repayment of loan would be mentioned in bold in the loan agreement).
- (c) Terms and conditions and other covenants governing the credit given by the Company arrived at after negotiation
- (d) In case of any change in any of the terms and conditions / covenants / any information which is relevant from the point of view of the transaction (including annualised rate of interest), the same shall be conveyed to the customer either as an addendum / additional annexure to the agreement/term sheet. However, all the relevant formalities (e.g. further legal documentation, approval of customer etc.) relating to such change shall be documented and a copy of the same shall also be sent to the customer. The same may be communicated through electronic media or any other form of communication. The acknowledgement of the receipt of the said additional document shall also be preserved on the records by the Company.
- (e) Foreclosure charges / prepayment penalty would be charged in line with the agreement with the client except in cases expressly restricted by prevailing RBI Regulations. Current RBI regulations do not permit such charges on floating rate loans to individuals.
- (f) Changes to interest rates and charges, other than as documented in the loan agreement, will be effected prospectively.

B. The interest rates shall be displayed on the company website, if any, as per the RBI directions.

4. AMENDMENTS TO THE INTEREST RATE POLICY

Amendments to this Interest Rate Policy will not be effective, unless such amendments have been approved and authorised by the Board of Directors of the Company (or any committee of the board of directors of the Company duly authorised in this behalf).



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