

# DAGGER GARMENTS PRIVATE LIMITED

## INTEREST RATE AND PRICING POLICY

### Version 1

Version	Adoption/Revision	Authority	Date
1	Adopted	Board of Directors	April 10, 2024

## **ABOUT THE COMPANY**

Daggar Garments Private Limited (“Company”) is registered as a non-deposit taking/accepting, systematically important NBFC with the RBI, vide certificate of registration number B.05.05897 dated 15<sup>th</sup> December, 2003, and is recognised as a base-layer NBFC with effect from March 2024.

## **OBJECTIVE OF CODE**

The code has been developed to outline the interest rate mode and company approach of risk gradating in regards to its lending business and in compliance with the RBI regulations.

## **INTEREST RATE MODEL**

The Company is into lending business and provides loan facilities through loan products like term loans, Call/ Demand loan i.e. Revolving Facilities loan, and loans to individuals etc. to help client meet their working capital requirement and other purposes etc. The interest rate applicable to each loan account, within the applicable range is assessed on a case specific basis, based on evaluation of various factors as mentioned below:

- a. Tenor of the Loan & Payment Terms - term of the loan; terms of payment of interest (viz monthly/quarterly); terms of repayment of principal; bullet payment, EMI etc.
- b. Internal and External Costs of Funds - The rate at which the funds necessary to provide loan facilities to customers are sourced, normally referred to as our external cost of funds. Internal cost of funds being the expected return on equity; is also a relevant factor.
- c. Credit Risk - The amount of bad debt provision applicable to a particular transaction will depend on the credit strength of the customer. This cost is then reflected in the final rate of interest quoted to a customer.
- d. Market Dynamics Views: The Views of the Management of the Company on product pricing with respect to prevailing interest rates offered by peer NBFCs for similar products services may be taken into consideration. The forecasts and analysis of 'what if scenarios' conducted by the Management are also relevant factors for determining interest rates to be charged.

## **APPROACH FOR GRADATION RISK**

The risk premium attached with a customer shall be assessed inter-alia based on the following factors:

- i. Profile and market reputation of the borrower
- ii. Historical performance of similar homogenous pools of borrowers
- iii. Profile, strength, experience, income/earnings of the borrower
- iv. Length of relationship with the borrower, repayment track record of existing borrower, credit history as revealed from available sources
- v. Type of asset being financed, end use of the loan represented by the underlying asset
- vi. Nature and value of primary and secondary collateral security

- vii. Overall customer yield, repayment capacity based on cash flows and other financial commitments of the borrower, mode of payment
- viii. RBI Policies on credit flow
- ix. Offerings by competitors
- x. External ratings etc
- xi. And any other factors that may be relevant in a particular case.

### **RATE OF INTEREST**

1. The management understands that considering the higher cost of borrowing and the risk profile of the customer, it has to maintain adequate margins to cover the operational and delinquency risk. Thus, it is decided that Annualized Rate of Interest of the loans and advances shall be between 9% to 18% p.a. to be charged for the entire tenure unless a special case requires any deviation which will be approved and documented based on the Boards discretion.
2. The Loan amount, Annualized Rate of Interest and tenure of loan will be communicated to the borrower in the sanction letter along with the installments towards interest and principal dues.
3. Besides normal Interest, the Company may levy additional interest for ad-hoc facilities, penal interest/default interest for any delay or default in making payments of any dues. The details of Penal Interest charges for late repayment will be mentioned in the loan agreement and communicated while sanctioning the loan.
4. Besides interest, other financial charges like processing charges, cheque dishonor charges, pre-payment/foreclosure charges, part disbursement charges, cash collection charges, bank charges, charges on various other services like issuing NOC, field visit for collection follow up, Foreclosure Value Statement Charges, Foreclosure charges, Duplicated Repayment Schedule etc. may be levied by the company wherever considered necessary. In addition, the Goods and Services Tax and other taxes levied would be collected at applicable rates from time to time.

### **REVIEW**

The Board shall review and amend this policy as and when required.

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.