

Interest Rate Policy

Preamble:

Reserve Bank of India through notification No. DNBS. 204 / CGM (ASR)-2009 dated January 2, 2009 and vide its Guidelines on FPC for NBFCs DNBS.CC.PD.No.266/03.10.01/2011-12 dated March 26, 2012 have directed all NBFCs to:

Communicate the annualized rate of interest to the borrower along with the approach for gradation of risk and rationale for charging different rates of interest to different categories of borrowers.

Make available the rates of interest and the approach for gradation of risks on the web-site of the companies.

Rate of interest:

The Company, at the time sanction of loan, intimates in writing the following with the borrower:

- ✓ Loan amount
- ✓ Rate of interest
- ✓ Other fees including processing fee charged or to be charged by our partner
- ✓ Loan amount sanctioned
- ✓ Tenure of the Loan
- ✓ Due dates of the monthly installments.

The rate of interest is arrived at based on the weighted average cost of funds, average customer acquisition cost, administrative and operational costs, risk premium and profit margin.

The rates of interest are subject to change as the situation warrants and are subject to the discretion of the management and/or changes to extraneous cost factors which has a say in the setting up of the interest rate.

Approach for Risk Gradation:

Citra Financials Private Limited grants credit facilities only to those customers who have both the intention and the ability to discharge their obligations. To execute a smooth underwriting process the Company carries out different processes as per Know Your Customer guidelines and allocates credit grade for each customer. When assessing credit transactions, the Company focuses on critical principles like history of the Company or Borrower, Financial Leverage, Liquidity and Sources of Cash, Profitability of Operations and Collateral being provided. The determination of a customer's credit grading is generally distinguished by the asset type and its use and is mostly based on four general categories, Character, Capacity, Capital and Collateral.