



## LOAN AGAINST SECURITIES (LAS) PRODUCT

### **Interest Rate Policy for the Loan against Shares Product**

With a view to institute fair and transparent dealings in the lending business, the Company has adopted and put in place the following Interest Rate Policy parallel to the company's Fair Practices code, in accordance with the Reserve Bank of India circular no.DNBS.CC.PD.No.266 /03.10.01/2011-12 dated March 26, 2012.

The Board of Directors of the Company at its meeting held on .....considered the proposal to lay down suitable principles for determining rate of interest to be charged in respect of loans and advances in compliance with RBI Guidelines to NBFCs.

The Board endorsed the below practice:-

1. Motilal Oswal Financial Services Ltd (MOFSL) will charge an interest as per the agreed terms with the borrower. (as decided on time to time basis) and as entered into the loan agreement with the borrower. Interest will be calculated on debits balances on Daily basis and debited to the clients Ledger account on monthly basis on the last day of the month. MOFSL has right to review the rate of interest on overall basis.
2. Interest will be charged to the customers that may range between 1% to 10% above the cost of capital / fund of the company, which may be compounded at monthly rests.
3. The interest rate to be charged will be determined keeping in view mainly the financial soundness and track record of the borrower, nature and value of security offered, if any, and the prevailing interest rates for similar credits in the market and shall not be excessive. Besides, internal and external costs of funds, tenor of loan, credit risk (bad debt provisions cost) are also important factors considered in determining the costs.
4. MOFSL will communicate to the customers / borrowers:
  - a. The amount of loan sanctioned and terms & conditions including annualized rate of interest
  - b. Details of the penal interest charged for late repayment.

- c. Terms & conditions and other caveats arrived at after negotiations
  
- d. Incase of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc

All the above information shall be in writing / electronic media or any other form of communication in English or in vernacular language /the language as understood and confirmed by the borrower, by the employees of MOFSL