

ARUNA FINANCE LIMITED

INTEREST RATE POLICY

Interest Rate Rationale:

Aruna Finance Limited Policy for Determining Interest Rates, Processing & Other Charges

Reserve Bank of India (RBI) had vide its circular DNBS /PD/CC No. 95/03.05.002/2006-07 dated May 24,2007 advised that Boards of Non-Banking Finance Companies (NBFC) to lay out appropriate internal principles and procedures in determining interest rates, processing and other charges. Further, vide circular DNBS (PD)C.C. No. 133 /03.10.001/ 2008-09 January 2,2009, RBI advised the NBFCs to adopt appropriate interest rate models taking into account relevant factors and to disclose the rate of interest, gradations of risk and rationale for charging different rates of interest to different category of borrowers.

Keeping view of the RBI Guidelines as cited above, the following internal guiding principles and interest rate model are therefore laid out by the board of Aruna Finance Limited (the“Company”). This policy should always be read in conjunction with RBI guidelines, directives, circulars and instructions. The Company will apply best industry practices so long as such practice does not conflict with or violate RBI guidelines

The policy of the Company for Determining interest rates,Processing and other charges is as Follows:

Interest Rate:

The rate of interest shall be determined based on the cost of borrowed funds, market liquidity,offerings by competition, tenure of customer relationship, cost of disbursements (Cost of Fund).In addition to the cost of fund, the rate of interest shall further be determined based on inherent credit and default risk in the products and customer per se arising from customer segment,profile of the customers, stability in earning and employment and repayment ability, overall customer yield, risk premium, nature and value of securities, past repayment track record of the customers, external ratings of the customers, industry trends,et

. The company may adopt an interest rate model whereby the rate of interest for same product and tenor availed during same period by customers would be different from customer to customer depending upon consideration of any or combination of a few or all factors listed out above. Hence, the interest rate applied would be different from customer to customer and his/ her loans

Interest rates shall be intimated to the customers at the time of sanction/ availing of the loan and the equated installments apportionment towards interest and principal dues shall be made available to the customer.

Late Payment Charges:

Besides normal interest, the Company may collect penal interest / late payment charges for any delay or default in making payments of any dues. These penal interest / late payment charges for different products or facilities would be decided by the Company from time to time. 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.

Processing /Documentation and other charges:

All processing / documentation and other charges recovered are expressly stated in the Loan documents. They vary based on the loan product, exposure limit, customer segment, geographical location and generally represent the cost incurred in rendering the services to the customers. The practices followed by other competitors in the market would also be taken into consideration while deciding the charges.

Others:

Aruna Finance Ltd offers competitive annualized interest rates across its range of products. Minimum Interest (Lending) Rate shall be 12% (Twelve percent) and Maximum shall not be more than 36% per annum for all Loans.