



Interest Rate Model Policy

Version 1.3

Preamble:

Reserve Bank of India vide its 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 as amended from time to time has 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 rate of interest to different categories of borrowers, make available the rates of interest and the approach for gradation of risks on the website of the companies.

Rate of interest:

The Company intimates the borrower, the loan amount and, Annualised rate of interest at the time of sanction of the loan along with the tenure and amount of monthly installment.

Methodology and Approach for Gradation of Risk:

- a) The rate of interest is arrived at based on the weighted average cost of funds, administrative costs, risk premium and profit margin.
- b) The decision to give a loan and the interest rate applicable to each loan account is assessed on a case to case basis, based on multiple parameters such as the type of the asset being financed, borrower profile, and repayment capacity, borrower's other financial commitments, past repayment track record if any, the security for the loan as represented by the underlying assets, loan to value ratio, mode of payment, tenure of the loan, geography (location) of the borrower, end use of the asset etc. Such information is collated based on borrower inputs, credit bureau and field inspection by the company officials.
- c) The company charges annualised rate of Interest on monthly reducing balance method.
- d) The rates of interest are subject to change as the situation warrants and are subject to the discretion of the management on a case to case basis.
- e) The interest rate would be reviewed periodically by the ALCO / Risk Management committee
- f) The company offers fixed rate of interest to the customers
- g) Besides interest, other financial charges like processing fees, cheque bouncing charges, foreclosure charges, cheque swapping charges, duplicate repayment schedule and legal, repossession and other related would be levied by the company wherever considered necessary. Besides the base charges, Goods and services tax would be collected at applicable rates from time to time. Any revision in these charges would be from prospective effect. These charges would be decided upon by respective product heads in consultation with Operations, Finance and legal.
- h) The practices followed by other competitors in the market would also be taken into consideration while deciding the charges.
- i) Besides normal interest, the company may levy penal interest for any delay or default in making payments of any dues. These additional or penal interests for different products or facilities would be decided by the respective functional / product heads.

Details of range of Rate of Interest (Fixed IRR)

Product	Rate of Interest (Fixed IRR)
Retail Products	
a) Two wheeler	13% p.a. to 32% p.a.
b) Used Car	15% p.a. to 24% p.a.
c) Consumer Durables	18% p.a.- 28% p.a.
d) Auto loans	13% p.a.- 27% p.a.
Rural products	
e) Tractor	14% p.a. to 20% p.a.
f) Used Tractor	19% p.a. - 26% p.a.
g) Asset based Personal Loans	25% p.a.- 27% p.a.
h) Used Commercial Vehicle	11% p.a.- 23% p.a.
Other Products	
i) MSME Loans	12% p.a. – 24% p.a.
j) Dealer Personal Loans	16% p.a. - 27% p.a.
k) Cross sell Personal Loans	14% p.a.- 30% p.a.

Details of range of Processing Fees

Processing fees is determined based on the schemes introduced by the company.

Product	Processing Fees Range (on Loan amount)
Retail Products	
a) Two wheeler	0% - 5%
b) Used Car	0% - 2%
c) Consumer Durables	0% - 5%
d) Auto loans	0% - 5%
Rural products	
e) Tractor	0% - 2%
f) Used Tractor	0% - 3%
g) Asset based Personal Loans	0% - 3%
h) Used Commercial Vehicle	0% - 2%
Other Products	
i) MSME Loans	0% - 2%
j) Dealer Personal Loans	0% - 2%
k) Cross sell Personal Loans	0% - 3%