Interest Rate Policy

Version 1.6

(Last Amended in the Risk Management Committee of the Board held on 24th December 2021)

Background:

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 and 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 shall intimate the borrower, the loan amount and annualised rate of interest (Amort IRR) at the time of sanction of the loan along with the tenure and amount of monthly instalment.

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 and the same has been disclosed in the sanction letter issued to the borrowers.
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) 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.

i) As per FPC guidelines, the company has disclosed the rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers in the application form and communicated explicitly in the sanction letter.

Details of range of Rate of Interest (Fixed IRR) and Processing Fees:

Product	Rate of interest (fixed IRR/Amort IRR)	Processing fee range (on loan account)
Two Wheeler	11-36%	0-10%
Cars	11-25%	0-2%
Consumer Durable	12-29%	0-5%
Three Wheeler	13-29%	0-5%
Tractor	11-25%	0-10%
Used Tractors (including allied products)	14-31%	0-10%
Used Commercial Vehicles	Upto 30%	0-5%
MSME loans	09-26%	0-2%
Personal loan & other loans	14-35%	0-4%

****