

Interest Rates and Gradation of Risks Policy

Policy version: 1.0



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Preamble:

Reserve Bank of India vide its notification No DNBS. 204/CGM (ASR) – 2009 dated January 2nd 2009 and vide its guidelines on FPC for NBFCs DNBS. CC.PD. No 266/03.10.01/2011-12 dated 26th March 2012 have directed all NBFCs to communicate the annualized rate of Interest to the borrower along with the approach of gradation of risk and rationale for charging different rate of interest to different categories of borrowers. RBI also reiterated that NBFCs to make available the rates of interest and the approach of gradation of risks on the website of the companies.

Keeping in view the RBI's guidelines as cited above, and the good governance practices, the Company has adopted the following internal guidelines, policies, procedures and interest rate model, for its Lending.

This needs to be taken into cognizance of while determining interest rate and other charges, and changes thereto.

Interest Rate Model:

The interest rate charged to the customers for Loan Products will be benchmarked to the EFBL – PLR. The EFBL – PLR is arrived at based on the weighted average cost of funds, operating cost, administrative cost, risk premium, risk and expected return for stakeholder value on a sustainable basis.

It will be monitored periodically and any changes in EFBL – PLR will be communicated through the Company website.

The Company intimates the Borrower, the loan amount and Rate of Interest at the time of sanction of the loan along with the tenure and amount of monthly installments.

Mortgage Loan, Business Loans & Equipment Finance:

Product	Mortgage & Business Loans	Equipment Finance
ROI	17 - 19%	17 - 19%

The processing fee, if any, shall be determined on the basis of quantum of work involved in credit appraisal, volume of documentation and other expenses involved in the transaction.

The rate of interest is subject to change as the situation warrants due to market compulsions and change in regulatory norms and is subject to the discretion of the management on a case to case basis.

Presently the Prime Lending rate of the Company (EFBL PLR) is 18% p.a. The rate of interest shall be fixed on the basis of the risk gradation of the client and shall be charged on per annum basis.

Approach for Gradation of Risk:

General

The risk premium will be decided on a case to case basis as decided by the Company. The approach for gradation of risk is based on factors such as nature of loan, credit worthiness of the borrower, nature of security, nature of the Product, type of asset being financed, borrower profile, repayment capacity, borrower's other financial commitments, past repayment, tenure of the loan, geography (location) of the borrower, end use of the loan as represented by the underlying asset etc. Such information is collated based on the borrowers input, credit bureau and field inspection by the Company officials.

While deciding the interest rate and other charges, the rate offered by the Competitors in the market would also be taken into consideration.