Annexure H

INTEREST RATE MODEL

Preface

RBI vide its notification dated 2nd January 2009 has directed all NBFCs to prepare and post an interest rate model approved by their Board on their websites which would enable their customers to understand the logic and method of the lending rates charged to them. Further, the directive states that the rate of interest and the approach for gradation of risk and the rationale for charging different rate of interest for different category of borrowers should be communicated to the borrowers in the sanction letters to them. In line with this, the following lending rate model is given:

Method

1. Basis for Lending Rate – The lending rate is arrived at based on the weighted average cost of our aggregate borrowings from the following sources.

   a. Retail funds through Public Deposits/Debentures
   b. Borrowings from Banks/Financial institutions.

   The Interest rate of retail funds is likely to remain stagnant for a certain period but the interest rate on borrowings from banks/institutions is likely to vary pursuant to change in their PLR/Base rate which fluctuates with the change in bank rate announced by RBI from time to time.

   For arriving at lending rate, the company adds Risk Premium to take care of the inherent risk attendant on the business, besides to cover operating cost and reward to stake holders.

2. In case of receivables which are not eligible for finance from banks, the company adds liquidity premium to the lending rate apart from margin and operating cost based on factors such as security cover, tenor etc.

3. The final lending rate is arrived by considering addition/reduction to lending rate based on age of the vehicle, customer relationship market reputation, inherent credit and risk on account of default in the products and customer per se arising from customer segment, profile of the customers, subventions and subsidies available, deviations permitted, ancillary business opportunities, future potential, group strength and value to lender group, overall customer yield, nature and value of primary and collateral security, past repayment track record of the customers.

4. The company shall adopt discrete interest rate model/policy whereby the lending rate for same product and tenor availed during same period by customers would not be standard but may vary for different customers depending upon

consideration of any or few or all factors stated above.

5. Interest rates would be advised to customers at the time of sanction of the loan/availing the loan and the EMI towards principal dues and interest would be sent to the customer.

6. The interest shall be deemed payable immediately on the due date as intimated and no grace period for payment of interest shall be allowed.

7. Besides normal interest, the company may levy additional interest for ad hoc facilities, penal interest will be levied for any delay or default in making payment of any dues. These additional or penal interests for different products or facilities would be decided by the respective functional/product heads.

8. In addition to interest, other financial charges like processing fees, pre payment/pre-closure charges, part disbursement charges, cheque bouncing charges, cash handling charges, RTGS/other remittance charges, commitment charges, charges for various other services such as issuing No Due certificates, NOC would be levied by the company wherever necessary. Besides the base charges, the service tax and other cess would be collected at rates applicable from time to time. Any remission in these charges would be from prospective effect. These charges would be decided upon by respective product heads in discussion with Operations, Finance and Legal.

9. The company will also take into consideration the practices followed by other competitors in the market while deciding the charges.

10. Normally the company would not entertain claims from customers for refund or waiver of charges/penal interest. It is the sole discretion of the company to deal with such requests, if any arises.

11. Presently, the annualized rate of interest charged to customers is in the following ranges, depending on the nature of risk and category of borrowers:

New Commercial Vehicle	:	15% to 17%
Used Commercial Vehicle	:	18% to 23%

12. **For charging higher annualised rate of interest to the borrowers or any deviation from the terms and conditions requires approval from General Manager (Business Development) or General Manager (Credit).**

13. Any revision in the lending rate would be reviewed periodically and recommended to Managing Director for approval.

Modified by the Board of Directors held on 29th March 2019