

## Interest Rate Policy

Author of the Policy	Finance Department
Vetted by	Financial Controller
Approver of the Policy	Board
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## Background

Reserve Bank of India had vide its Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025, advised NBFCs to adopt an interest rate model taking into account various relevant factors and determine the rate of interest to be charged for loans and advances. It further advised that the rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower/customer in the application form and communicated explicitly in the sanction letter.

## Purpose

In line with the RBI Directions referred to above, this Interest Rate Policy shall define the parameters for determining interest rates for different categories of borrowers.

## Approach to gradation of risk & Interest Rate Model

With reference to the Company's approach for gradations of risk and rationale, the rates of interest for the same product and same tenor availed during the same period by different customers could vary depending upon the combination of various factors such as borrower's profile including age, number of dependents, residential stability, type of employment and length of service, primary and secondary income, vintage and growth in business (if self-employed), nature and type of collateral security, brand/resale value of the vehicle, past repayment track record, past association with SFL, credit score, Loan to Value etc.

The lending interest rate will be arrived based on the weighted average cost of funds including all charges, risk premium, other costs such as administrative expenses, profit margin, stability, market information associated with lending activities.

The Company shall be charging annualized interest rate on loans and advances extended to customers. The annualized interest shall be communicated explicitly in the Sanction letter. Any revision/change in the interest rate/other charges would be effected prospectively only.

The interest shall be amortized with the principal and the monthly due shall be repaid by way of instalments. The company may offer an equated monthly instalment or a structured repayment.

The company may alternatively offer a scheme by which the interest needs to be serviced month on month or on quarterly basis and the Principal repaid at the end of the tenure. The repayment of both the Principal and Interest may also be offered on “Bullet Payment” at the end of the tenure.

The interest rates proposed for different loans and advances extended by the Company to its borrowers, are given in Annexure 1. Any deviation up to 3% from the above may be approved by a person not below the rank of Zonal Business Head/ Vice President. Any deviation in excess of 3% shall be approved by the JMD.

## Other Charges

The Company may charge Processing fee to cover the cost of sourcing/acquisition, field verification, credit appraisal etc. Other fees/charges such as Legal fees, Valuation fees etc. shall be charged to customers separately. Similarly, other charges such as mandate registration charges, cheque bouncing charges, overdue interest, swapping charges, rescheduling charges, part-disbursement charges, prepayment charges, collection charges, seizing/repossession charges/expenses, statutory charges, auctioning charges, legal expenses etc. shall be levied by the Company from time to time which shall be disclosed in the sanction letter issued to the borrower. In addition, GST and other cess on the fees and charges shall be collected at the applicable rates from the customers. Any revision in these charges shall be effected prospectively only and the same shall be communicated to customers. The broad range for charging the above-mentioned fees/charges/expenses are indicated in Annexure 2 of this Policy.

**Overdue interest:** Where there is a delay in remittance of instalments the company may charge overdue interest as decided by the company from time to time, on the instalments outstanding from time to time which shall be disclosed to the borrower. This does not prevent the company from taking any legal action and repossessing the asset by issuing a notice to the borrower.

**Cheque bouncing charges/Bank Charges:** The Company may charge a flat amount up to Rs.1000/ per instance of cheque/ACH/ECS bounce for various loan products.

**Collection charges:** The Company may levy collection charge of an amount not exceeding Rs.500/ per visit to the customer’s place for recovery of dues. In case the customer is residing in a far-off location, the cost incurred for collection would be charged at actuals subject to a minimum of

Rs.500/-. Where the officer of the Company from its Regional/Head office visits the delinquent customer, a sum of Rs.500/ or actuals whichever is higher, shall be payable by the customer. Repossession expenses shall be at actuals.

### **Lock-in-period**

The Company operates in a competitive environment and to cover the cost of acquisition, restrict foreclosure of the loan account in certain cases as negotiated with the customer at the time of sanction. The Company, at its sole discretion, may impose the lock-in period as proposed above and consent obtained from the borrower, upfront.

### **Intimation/Communication to Borrowers:**

The Company shall intimate the borrower the loan amount, annualized rate of interest and method of application thereof at the time of sanction of the loan along with the tenure and terms of repayment. In case of loan facilities with moratorium on payment of principal and/or interest, the exact date of commencement of repayment shall also be specified in the loan agreements.

Request for waiver of charges/ penal charges / additional interest bank charges / foreclosure charges are at the sole discretion of the Company. The authorised person may partly or fully waive these charges, and the decision of the Company is final in this regard.

### **Review**

The Asset Liability Management Committee (ALCO) shall be meeting periodically and reviewing interest rates based on various factors and situations prevailing at the time of such review, including market volatility and cost of funds. The revised interest rates, as reviewed and determined by the ALCO, shall be implemented by the Company

## Annexure 1

### 1) Lending Rate Range for Secured Loan

Products	Rates
Loan Against Property	10 % to 36 %
Business Loan – Secured	10 % to 42 %
Gold Loan	10 % to 30 %
Co- Lending	11% (minimum yield) to 18%

Lending Rate Range for Unsecured Loan	
Products	Rates
Business loan/ SME	12% to 42%
Working Capital (including insurance loan, tyre loan, refurbishment, etc.	Up to 42%
Personal Loan	12% to 42%
Vendor Financing	11% to 36%
Co-lending	12% (minimum yield) to 21%

- All the rates mentioned are annualized
- Additional GST and other cess shall be charged as applicable.

For short term working capital loan, processing fees shall be as below:

Nature of Short-term WC loan	The Company may charge processing fee or interest as may be agreed to by the parties
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