

INTEREST RATE POLICY AND GRADATION OF RISKS

A) INTEREST RATE POLICY

- 1) The ~~PLR~~ PLR will be arrived at based on the weighted average cost of funds (including all charges), credit risk premium, administrative costs and profit margin associated with borrowers. **The current ~~PLR~~ PLR is 15.75%.**
- 2) ~~PLR~~ PLR is reviewed periodically by the ALM committee, depending upon market volatility and cost to company. Any, revision in the ~~PLR~~ PLR would be reviewed and re-fixed by the ALCO and the same will be updated in the website.
- 3) The Interest rate applicable to each loan account will be assessed based on multiple parameters like tenure, borrower profile, borrowers repayment capacity based on the cash flows, loan to value of the asset financed, type of collateral security provided by the borrower and past repayment track record of the borrower, etc.
- 4) The rates of interest for the same product and tenor availed during same period by different customers need not be standardized but could be different for different customers depending upon consideration of any or combination of a few or all factors listed above.
- 5) The other charges such as processing fees, additional interest charged on delayed payments and cheque bouncing charges are mentioned in the Schedule which is part of the Loan Agreement.
- 6) The rate of interest applicable to each loan account is subject to change as the situation warrants and is subject to the Management's perceived risk on a case to case basis.
- 7) Claims for refund or waiver of charges/ penal interest / additional interest would normally not be entertained by the company and it is at the sole discretion of the company to deal with such requests if any.

8) Accordingly the product wise present rate of interest charged to our customers is in the range of:

PRODUCT	RATE OF INTEREST
Micro Enterprise Loan (MEL)	Up to 36%
Two Wheeler Loan	Up to 26%
Small & Medium Enterprises Loan (SME) <ul style="list-style-type: none"> ▪ Machinery Loan ▪ Industrial Shed Loan ▪ Working Capital Loan ▪ Loans against Property (LAP) 	Up to 21%
Commercial Vehicles Loan	Up to 21%
Used Car Loan	Up to 24%
Tractor Loan	Up to 21%
Partnership with NBFC-MFI, HFCs & NBFCs	Up to 17%

B) APPROACH FOR GRADATIONS OF RISK AND RATIONALE:

- a. The Rate of interest will be different for different categories of borrowers. The lending rate will be arrived by considering profile of the customer, tenure of customer relationship, past repayment track record of the customer, customer segment, market reputation, inherent credit and default risk in the products, subventions and subsidies available, ancillary business opportunities, future potential, group strength and value to lender group, overall customer yield, Loan-to Value (LTV) ratio, nature and value of primary and collateral security, subject to permissible deviations.
- b. The Rate of interest is determined on a case to case basis and will depend upon considerations of any or combination of a few or all factors listed out in point 2-a above.