INTEREST RATE MODEL

Preamble:

As per the RBI notification dated January 2, 2009 directing all NBFC's to prepare and post an Interest rate model the following model is given:

Methodology:

1. Reference Lending Rate (RLR): The RLR 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.

2. The lending rate will be arrived by considering addition/ reduction to RLR based on tenure of customer relationship, market reputation, inherent credit and default risk 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.

3. The company follows a discrete interest rate model / policy whereby the rate of interest for same product and tenor availed during same period by customers would not be a standardized one but could be different for different customers depending upon consideration of any or combination of a few or all factors listed out in point 2 above.

4. The interest rates would be offered on fixed, floating, variable basis. The base RLR for the floating rates would be decided on periodic intervals at monthly/ bi monthly / quarterly intervals depending upon market volatility.

5. The interest re -set period would be decided by the company from time to time.

6. The interest would be charged on monthly or quarterly rests.

7. Interest rates would be intimated to the customers at the time of sanction/ availing of the loan and the EMI apportionment towards interest and principal dues would be made available to the customer.

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

9. Besides normal interest, the company may levy additional interest for adhoc facilities, 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.

10. Interest changes would be prospective in effect and intimation of change of interest or other charges would be communicated to customers in a mode and manner deemed fit.

11. Besides interest, other financial charges like processing fees, cheque bouncing charges, pre payment/ foreclosure charges, part disbursement charges, cheque swaps, cash handling charges, RTGS/ other remittance charges, commitment fees, charges on various other services like issuing NO DUE certificates, NOC, letters ceding charge on assets/ security, security swap & exchange charges etc. would be levied by the company wherever considered necessary. Besides the base charges, the service tax and other cess 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.

12. The practices followed by other competitors in the market would also be taken into consideration while deciding the charges.

13. In case of staggered disbursements, the rates of interest would be subjected to review and the same may vary according to the prevailing rate at the time of disbursements or as may be decided by the company.

14. Claims for refund or waiver of charges/ penal interest / additional interest would normally not be entertained by the company and it is the sole discretion of the company to deal with such requests if any.

15. Any revision in the RLR would be reviewed at the ALCO and recommended to the MD/DF for approval.

The annualized RLR of the company is 16.97%.

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