

## **Interest Rate Model**

Credit Sudhaar Finance Private Limited (hereinafter “Company”) proposes to put its Base Rate of lending on its website. In order to ensure its standards of transparency, in conformity with the stipulations of the RBI’s directives, such interest rate policy is to be adopted by the Board.

Reserve Bank of India Vide its Notification No. DNBS. 204 / CGM (ASR)-2009 dated January 2, 2009 has directed that the Board of each NBFC shall approve an Interest rate model for the Company, taking in to account relevant factors such as cost of funds, margin and risk premium etcetera and determine the rate of interest to be charged for loans and advances. Further, the directives states that the rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different category of borrowers should be communicated to the borrowers / customers in the sanction letters to them. The Interest rate model is also required to be made available on the website of the Company so as to enable the customers to understand the logic and methodology of the lending rates charged to them. In compliance with the said RBI directives, the Interest rate model for the Company is given below:

### **Principles for determining interest/charges rate for loans:**

1. The rate of interest shall be determined based on the cost of borrowed funds, matching tenor cost, market liquidity, refinance avenues, offerings by competition, tenure of customer relationship, cost of disbursements( Cost of Fund). In addition to the cost of fund, the rate of interest shall further be determined based on inherent credit and default risk in the products and customer per se arising from customer segment, profile of the customers, professional qualifications, stability in earning and employment and repayment ability, overall customer yield, risk premium, nature and value of primary and collateral securities, past repayment track record of the customers, external ratings of the customers , industry trends, etc.
2. The interest rates could be offered on fixed or floating basis.
3. The annualized rate of Interest shall be intimated to the customers at the time of sanction/ availing of the loan and the equated monthly installments apportionment towards interest and principal dues shall be made available to the customer.
4. Besides normal interest, the company may levy additional / penal interest for delay or default in making payments of any dues.
5. Changes in the interest rates and charges would be prospective in effect and intimation of change of interest or other charges would be communicated to customers in a mode and the manner deemed fit.
6. The interest rate and other charges applicable from time would be hosted on website and updated from time to time.
7. Besides interest, other financial charges like processing fees, origination fees, cheque/emi dishonor charges, late payment charges, reschedulement charges, pre-payment / foreclosure charges, charges for issue of statement account etc., would be levied by the company

wherever considered necessary. Besides these charges, stamp duty, 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 business head.

8. Interest changes would be prospective in effect and intimation of change of interest, if any, or other charges would be communicated to customers.

Based on the above principles, following are the Interest/Charges rates effective from 30<sup>th</sup> September, 2016

<b>Interest/Charges Type</b>	<b>Interest/Charges Rate</b>
Interest Rate	22% to 28% p.a
Processing Fees	3% of loan amount
Prepayment Charges	2% of the principal outstanding at the time of closure*
	* Loan can be closed after payment of min 1 EMI
EMI Dishonor Charges/ bounce Charges	Rs 500 per dishonor/ bounce
Default Interest Rate/ Penal Interest	1% per month on the unpaid amount