

**POLICY FOR DETERMINING
INTEREST RATES,
PROCESSING AND OTHER
CHARGES.**

Framed & approved by Board on May 24, 2007.

(Amended on 25, July 2016.)

INTEREST RATE POLICY

(i) Preface:

M/s Sital Leasing & Finance Limited (herein after referred to as "Company" or "SLFL") is a registered as Non Banking Financial Company (NBFC-NDSI) with Reserve Bank of India (RBI) and classified as Loan Company based on its asset / income pattern. During the course of its operations, the Company will strictly adhere to various directions, guidelines, circulars, instructions etc. as may be stipulated by RBI from time to time.

Reserve Bank of India (RBI) had vide its Circular DNBS/PD/CC No. 95/03.05.002/2006-07 dated May 24, 2007 advised the Companies (NBFC's) layout appropriate internal principles and procedures in determining interest rates, processing fee and other charges. Further, vide circular DNBS (PD) C.C. No. 133 /03.10.001/ 2008-09 January 2, 2009, RBI advised the NBFCs to adopt appropriate interest rate model taking into account relevant factors and to disclose the rate of interest, gradations of risk and rationale for charging different rates of interest to different category of borrowers.

Keeping in view the RBI's guidelines as cited above, and the good governance practices, the Company has adopted procedures and interest rates model for its lending business.

The Company shall be guided by this policy for determining the interest rates on various Loan Schemes of the Company. It shall also consider the prevailing market conditions and various rules and regulation prescribed by Reserve Bank of India or such other competent authority from time to time while fixing the interest rates.

The Company shall adopt a discrete interest rate policy which means that the rate of interest for the same product and separate customer would not be standardized but could vary within a range, depending amongst other things.

The Company shall disclose the rate of interest and approach of gradation of risk and rationale for charging the different rates from categories of borrowers in the application form and communicate the explicitly in the sanction letter.

The interest rate offered could be on the fixed basis or floating. Changes in the interest rate would be decided on the basis of market volatility and competitor review.

The practices followed by competitors would also be taken into consideration while deciding on the interest rates.

The maximum ceiling on interest rates applicable to the principal of any loan is upto 30% per annum. Interest rates charged under various Loan schemes shall have 3 components viz., Basic rate, Risk premium and Additional interest.

i) Basic Rate:

Basic rate shall be arrived at after considering the following aspects:

*** Cost of funds:** This includes the interest and other related charges payable by the Company on the borrowed funds such as loan from Banks/ Financial institutions, Secured NCD's etc.

*** Operating cost:** This includes the Employee cost and other administrative overheads of the company.

*** Gradation of Risk:** The nature of the risk associated with the loan will always have a bearing on the Basic rate to be arrived at.

*** Return on Equity:** After meeting all the above, a reasonable return on equity is to be ensured in arriving at the base rate.

The Interest would be charged and recovered on a monthly or quarterly basis or as per the terms mentioned in the loan agreement.

ii) Risk Premium:

While fixing the risk premium, the company shall take into consideration, the LTV rates applicable to the loan, the frequency of servicing of the loan by the customer, risk perception of the company based on the geographical location, class of customers etc.

iii) Additional Interest:

In order to cover any possible loss due to additional cost of finance on the company due to non-servicing of the loan, by the borrower, the company may charge an additional interest at a maximum rate of 12% per annum on the interest on loans which are not serviced for more than 6 months. The collection of the additional interests stated herein is not covered by the ceiling of maximum of 30% interest rate indicated in the preface above since it relates to the principal amount of loan. Additional interest will be collected in the same manner by incorporating the same in the pledge form.

Penal interest rate:

The Company may mention the penal interest rate in the loan agreement.

Processing / Documentation and Other Charges:

Besides interest, other financial charges like processing fees, cheque bouncing charges, pre- payment, swap, cash handling charges, RTGS, commitment fees, charges on the various other services, security swap & exchange charges etc. would be levied on by the company at a base charges, the service tax and other cess would be collected at an applicable rate from time to time.

Claim of refund or waiver of such charges/penal interest/ additional interest would normally not be entertained by the company and it is absolute discretion of the company to deal with such request.

**For and On Behalf of Board of Directors
SITAL LEASING AND FINANCE LIMITED**

**Surendra Kumar Jain
(Managing Director)
Din: 00530035**