

## **“INTEREST RATE POLICY”**

### **KRA LEASING LIMITED**

Reserve Bank of India (RBI) vide its Circular DNBS PD/CC No.95/03.05.002/2006-07 dated May 24, 2007 advised that Board of Non-Banking Finance Companies (NBFC's) lay out appropriate internal principles and procedures in determining interest rates, processing and other charges.

With a view to institute fair and transparent dealings in the lending business, the Company has adopted and put in place the following Interest Rate Policy parallel to the company's Fair Practice Code, in accordance with the Master Direction, 2025 as amended and updated from time to time.

RBI further advised NBFC's to adopt an appropriate interest rate model taking into account relevant factors and to disclose the rate of interest, gradations of risk and rationale for charging different rate of interest.

Keeping in view the RBI's guidelines as cited above, and the good governance practices being followed by the Company, the following internal guidelines, policies, procedures and interest rate model have been adopted by the Company. The Board of Directors of the Company (“the Board”), while fixing interest rates chargeable from the customers shall be guided by this Interest Rate Policy. In addition to cost factors set out hereunder, the Board or the Committee shall be guided by the market conditions and various rules and regulations, if any, prescribed by the Reserve Bank of India or such other authority from time to time.

#### **MEANING OF RATE OF INTEREST**

Interest rate shall mean the annualized rate on the credit facilities charged to the borrower by the Company, based on the periodicity of payments, for example, monthly quarterly, etc. The interest rate shall not include the following (the exclusion list is indicative in nature and shall not be only limited to the components below):

- Processing costs
- Document charges
- Stamp duty
- External Costs
- Penalties, including late penalties.
- Contingent charges
- Prepayment charges

- Third party benefits such as subventions, subsidies etc.

## **OBJECTIVE OF THE POLICY**

- To develop an interest rate model to form a guiding principle for rate of interest charged and other charges recovered from customers for all loan products.
- To be compliant with extant guidelines issued by RBI with respect to the interest rate charged and other charges recovered from the customers.
- To formulate a policy and process to avoid charging relatively excessive interest rate to the customers.

## **POLICIES AND PROCEDURES**

The following other policies are also relevant from disclosures point of view of this Interest Rate Policy:

- **Credit Policy** – The credit policy of TVS Credit Services Ltd. outlines the parameters and processes for credit appraisal, approval, risk guidelines and other credit principles and procedures etc. The Interest Rate Model described in this Interest Rate Policy are based on the pricing philosophies set out under the credit policy.
- **Fair Practices Code** – All relevant disclosures in relation to the Credit policy and Interest Rate Model of the Company and elaboration on Approach for Gradation of Risk, etc. (in this Interest Classification: Public Rate Policy) are disclosed in the Fair Practices Code of the Company in accordance with the directions of the RBI.
- **Form of Documentation** - The loan documentation of the Company and all related documents (including communications sent to, or received by the borrower) in writing may either be in physical or electronic form in the vernacular language or in a language as understood by the borrower.

## **APPLICABILITY**

- The policy applies to all loan products offered by the Company.
- The Company will continue to evaluate multiple products to meet the financing requirement of its customers.
- The Interest Rate Policy will be applicable and shall continue to be applicable to any product that is developed and provided by the Company to its customers.

## **INTEREST RATE MODEL**

- The Company shall adhere to the following interest rate model:

### **Rate of Interest**

The Rate of interest should not be less than the borrowing rate of NBFC. If the rate of interest to be charged exceeds the maximum possible limit as per the Reserve Bank of India's guidelines from time to time, the approval of the board will be obtained. If the rate of interest to be charged exceeds the maximum permissible limit as per the Reserve Bank of India's guidelines from time to time, the approval of the Board will be obtained.

Flat / Reducing interest: The company can quote rate of interest to borrowers on flat basis or reducing basis depending on loan product and market practice.

- The model shall be based on the following assumptions:
  - Cost of debt is the rate at which the Company procures debt for on lending purposes. The rate shall be treated as indicative and shall vary depending on the market conditions, performance of the company and the rates at which the creditors shall Be willing to give the debt.
  - Loan loss provisioning shall be in compliance with the guidelines issued by RBI from time to time and shall be dependent on the provisioning requirements for NBFC.
  - All the rates are indicative.

### **PROCESSING FEES**

The processing fees will be decided from time to time and may be deducted at source. The processing fees may in % basis or on absolute basis.

### **OTHER CHARGES:**

The company may charge other charges like bounce charge, documentation charges, stamp charges, NOC charges, foreclosure charges, collection charges, repossession charges, pickup charges etc.

### **COMMUNICATION OF INTEREST RATE/ CHARGES**

Interest rates/ other charges would be intimated to the customers at the time of sanction / availment of the loan by the Company. The Interest Rate Model along with the rate of Interest charged to the customers shall be updated as and when there are changes in the rates. Further, changes in the rates for the existing customers shall also be communicated to them.