

2018

Interest Rate Model Policy

Enterprise wide-applicable

This document acts as the criteria for the Interest Rate Model.

Zen Lefin Private Limited



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 into account relevant factors such as cost of funds, margin and risk premium, etc. and determine the rate of interest to be charged for loans and advances.

Further, the directives state that the rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories 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 rate for loans:

- Zen Lefin Private Limited (Capital Float) has its own model for arriving at interest rates taking into consideration among other things Capital Float's weighted average cost of funds, un-allocable overheads and other administrative costs which is further adjusted for ALM mismatch. The weighted average cost of funds is computed taking into account the cost of Capital Float's (CF) aggregate borrowings at the month end time from various sources such as bank, NBFC lines, non-convertible debentures, etc.
- The said rate is reviewed in the Banking & Finance Committee meeting.
- The rate of interest for loans for various business segments and various schemes thereunder is arrived at through CF's interest rate model, cost on account of risk and tenor premium for the concerned business segment, business specific operating cost and margin is added to arrive at the lending rate.
- The final lending rate for various products offered by CF will be arrived at after taking into account market reputation, interest, credit and default risk in the related business segment, historical performance of similar homogeneous clients, profile of the borrower, tenure of relationship with the borrower, repayment track record of the borrower in case of existing customer, subventions available, deviations permitted, future potential, group strength, overall customer yield, nature and value of primary and collateral security, etc. Such information is gathered based on information provided by the borrower, credit reports, market intelligence and information gathered by field inspection of the borrower's premises.
- The rate of interest for the same product and tenor availed during same period by different customers need not to be standardized. It could vary for different customers depending upon consideration of any or combination of above factors.
- The interest rates could be offered on fixed or variable basis and charged on flat or reducing balance method.
- For the above interest range could vary between ten and thirty five percent.

- The interest could be charged on monthly or quarterly rests for different products / segments.
- Interest rates / interest type would be intimated to the customers at the time of sanction / availing of the loan and EMI apportionment towards interest and principal dues would be made available to the customer.
- The interest shall be deemed payable immediately on the due date as communicated and no grace period for payment of interest is allowed.
- Besides normal interest, the company may levy additional / penal interest for 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 business / product heads.
- 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.
- Besides interest, other financial charges like processing fees, origination fees, cheque bouncing charges, late payment charges, re-scheduling charges, pre-payment / foreclosure charges, part disbursement charges, cheque swap charges, security swap 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 as communicated in the documentation provided. Any revision in these charges would be have a prospective effect and will be communicated with the borrower.
- While deciding the charges, the practices followed by the competitors in the market would also be taken into consideration.
- 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.
- Any revision in the Company's interest rates applicable to business would be reviewed by the Banking & Finance Committee.