

MAS FINANCIAL SERVICES LIMITED

INTEREST RATE POLICY



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1. PURPOSE

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 RBI guidelines as amended and updated from time to time.

The company has defined interest rate taking into account relevant factors and to disclose the rate of interest, gradations of risk and rationale for charging different rates of interest.

Keeping in view of the RBI's guidelines, and the good governance practices being followed by the Company, the following internal guidelines, policies & procedures have been adopted by the Company.

2. ORGANISATION STRUCTURE

a. Board of Directors:

The Board of Directors shall have an oversight into the Interest Policy of MAS. To ensure effective implementation of the Interest Rate Policy, the Board may delegate certain operational aspects to ALCO, as deemed fit.

b. ALCO:

Any change in the lending rate would be decided/approved/ ratified by ALCO and would be put up to the Board. Any rate changes done out of the ALCO cycle would be done through a group of people consisting of CMD, CEO, CFO and CRO.

c. Product Wise Interest Rate Policy:

The company will have product wise interest rate policy within the overall interest rate framework. The company has different credit screens catering to different classes of customers and the company will define the rates and charges as per the credit screen. The credit team of the company will be responsible for grading the customer as per the defined parameters in credit screens and based on the risk profile assessment the credit team will accord the final terms to the borrower within the overall interest risk framework.

Any rate changes done out of the defined credit screen within the overall interest rate policy framework would be done through a group of people consisting of Credit approval authority, Credit Head, CRO & CEO depending upon the defined authority.

3. INTEREST RATE:

The company intimates the borrower, the loan amount, rate of interest, other charges and APR at the time of sanction of the loan along with the tenure, the amount and the due date of the monthly instalments.

The rate of interest is arrived at considering the cost such as weighted average cost of debt, weighted average cost of capital, average customer acquisition cost, administrative and operational cost, margins and risk premium etc.

4. APPROACH FOR GRADATIONS OF RISK AND RATIONALE:

The company caters to different categories of borrowers and offers multiple products. The rate of interest for loans for various business segments and various schemes thereunder arrived after adjusting for risk premium. The company has defined credit screens for different product wherein the company is targeting specific profiles of the borrowers. The company has further classified the borrower within different categories. The credit team of *the company will be responsible for assessing the case based on the overall assessment of the borrower and will categorize the customer based on the risk.

The Company will categorize the customer in different risk grades based on the product policy such as:

- a. **Low Risk (A):** Customers with a strong credit history, financial strength and profile etc.
- b. **Medium Risk (B):** Customers with moderate financial strength, profile or limited credit history etc.
- c. **High Risk (C):** Customers with weak credit profiles, financial strength or credit history etc.

The risk gradation will consider the following parameters:

- a. Customer Attributes such as profile & segment of the customer, Tenure of loan, Loan Amount required and purpose, Past repayment track record, Market reputation, Land / Property ownership and geography of the customer.
- b. Viability of the customer based on nature of income source, Certainty of cash flows, Experience and Inherent credit and default risk.
- c. Security Attributes such as type of security, Location of security, Loan to Value, Realizable value and legal cost.

The company will assess the above factors on a case-to-case basis and depend upon consideration of any or combination of a few or all factors listed above the company will grade the customer.

Interest Rate Gradation parameters for ROI ranges are not applicable for Staff Loans.

5. FIXED AND FLOATING RATE:

The company may offer fixed or floating rates based on the product policy of the Company.

- a. **Fixed rate loans** are loans where the interest rate charged to the customer will not change during the tenor of the loan.
- b. **Floating rate loans** are loans where the interest rate charged to the customer varies during the tenor of the loan.

6. REVISION TO LENDING RATE

- a. The revision to the Lending Rate would be decided periodically, depending upon market trends and volatility in terms of both liquidity and interest rate, and changes in other factors specified above.
- b. Any revision in the Lending Rate Range will be updated in the website.

7. ANNUALISED RATE

The interest would be charged on monthly/quarterly/half yearly rests or on maturity, depending on product features and customer preferences. However, the customer would be provided an annualized rate of interest in the sanction letter.

8. OTHER CHARGES

Besides interest, other financial charges like processing fees, cheque bouncing charges, penal charges, pre-payment / foreclosure charges, 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.

9. COMMUNICATION

- a. Interest rates would be intimated to the customers at the time of sanction / availing of the loan.
- b. The Interest Rate Policy would be uploaded on the website of the company and any change in the interest rate range would be uploaded on the website of the Company.
- c. Changes in the rates and charges for existing customers would also be communicated to them through either mail, letter, SMS. Any change in terms would be prospective only.

10. REVIEW OF THE POLICY

The Policy shall be reviewed once a year or in between, if so required at any stage at its own discretion or with the concurrence of all the members.

ANNEXURE -1

Product	MIN. ROI%	MAX ROI%
SME Loan	11.00%	27.00%
ME Loan	11.00%	36.00%
TW Loan	11.00%	26.00%
CV Loan	13.50%	28.00%
Salaried Personal Loan	13.00%	30.00%
Loan to NBFCs	11.00%	20.00%
Digital Loans	12.00%	36.00%

Charges Details	SME	Personal Loan	MEL	TW	SRTO & AUTO	Loan to NBFC	Digital Loan
Documentation & Stamping	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Processing Fee / Service Charges	Up to 3.00%	Up to 3.50%	Up to 3.00%	Up to 5.00%	Up to 3.00%	Up to 3.00%	Up to 6.00%
Valuation Charges	Actual	-	Actual	-	Actual	Actual	Actual
Legal Charges	Actual	-	Actual	-	-	Actual	Actual
CERSAI or other Charge	Actual	-	Actual	-	Actual	Actual	Actual
Clearing Charges	Up to Rs.300	Up to Rs.300	Up to Rs.300	Up to Rs.300	Up to Rs.300	-	Up to Rs.300
Site visit charges	Up to Rs.2000	Up to Rs.2000	Up to Rs.2000	Up to Rs.2000	Up to Rs.2000	-	Up to Rs.2000
HPA Charges	-	-	-	Upto Rs.500	Upto Rs.500	-	-
PDD Charges	-	-	-	Upto Rs.1500	Upto Rs.1500	-	-
Due Diligence & Monitoring Fees	Upto Rs. 5000/-	-	-	-	-	Up to 2.00%	-

Particulars	Charges Upto
Payment Instrument Swapping charges	Rs.250/-
No Overdue Certificate on special request	Rs.500/-
Duplicate NOC	Rs.500/-
Vehicle Release Letter (Specific purpose)	Rs.1000/-
Vehicle Permit Renewal Letter	Rs.1000/-
Vehicle Registration Renewal Letter	Rs.1000/-
NOC for Changing Engine and Chassis number	Rs.1000/-
NOC for changing vehicle body	Rs.1000/-
List of Documents (2nd time during F.Y.)	Rs.250/-
Copy of Sanction Letter (2nd time)	Rs.250/-
Copy of Welcome Letter (2nd time)	Rs.250/-
Foreclosure or Part Prepayment Charges	4% of the loan outstanding (For permissible loans only as per regulatory guidelines)

Particulars	Charges Upto
Cheque/NACH/ECS etc. Bounce Charges	Rs.1250/-
Delay of EMI because of non-registration NACH/ECS Mandate	Rs.1250/-
Default Interest	36% p.a. on default amount would be levied from the date of default till the customer pays the due amount.
Any other material breach of terms and condition of loan, including Event of Default	0.1% on a daily basis on outstanding principal loan amount.
Vehicle Seizing Charges	• Two-Wheeler – Rs.4500
	• Three-Wheeler – Rs.5000
	• Four-Wheeler – Rs.10000

Note: The charges are not inclusive of the taxes and would be levied as per the statutory norms.
