

Interest Rate Policy

SAHYOG FINCAP PRIVATE LIMITED

1. Introduction

SAHYOG FINCAP Private Limited (“the Company” or “SFPL”) is a registered **Non-Banking Financial Company (NBFC)** holding a valid Certificate of Registration from the **Reserve Bank of India (RBI)** under Registration No. **B-1100074** dated **29 NOVEMBER 1994**. It is currently classified as an **NBFC–Investment and Credit Company (NBFC-ICC)**.

The Company is engaged in providing finance for a range of products, including:

- Commercial Vehicles
- Cars
- Tractors
- Construction Equipment
- Three-wheelers and Two-wheelers
- Business Loans to the MSME segment (Secured and Unsecured)
- Loan Against Property (LAP)

2. Regulatory Requirement

As per the **RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023**, NBFCs are required to adopt an **interest rate model**. This model must consider relevant factors such as the **cost of funds, operating margins**, and **risk premiums** to determine the applicable interest rates on loans and advances.

3. About the Policy

This **Interest Rate Policy** is formulated in compliance with the aforementioned RBI guidelines and the Company’s **Fair Practices Code**. It outlines the methodology adopted by MDFC Financiers to determine interest rates and its approach toward **risk gradation** in lending decisions.

4. Interest Rate Methodology

Interest rates applied to loan accounts are determined based on a combination of the following key components:

a) Operating Costs

These include all recurring expenses related to the Company’s operations:

- **Employee-related expenses** (salaries, benefits, training)
- **Infrastructure and capital costs** (rent, utilities, maintenance)
- **Technology and IT costs** (software, cyber security, digital platforms)
- **Collection and recovery expenses**
- **Marketing and customer acquisition costs**
- **Professional and consultancy fees**
- **Administrative overheads** (travel, communication, insurance)

c) Fundraising Costs

Comprises all expenses related to securing funds:

- Loan processing and rating agency fees
- Consultant/intermediary commissions
- Fees to Issuing & Paying Agents and trustees

d) Credit Risk Premium

A borrower-specific premium over base interest rate, assessed on:

- Creditworthiness
- Financial and operational history
- Industry risks and market reputation

e) Negative Carry on Investments

Occurs when investment returns are lower than the cost of funds. The Company maintains a **liquidity buffer** to ensure it meets short-term obligations efficiently and without disruption.

5. Approach for Risk Gradation

The Company assesses the **credit risk premium** based on multiple parameters:

i) Customer Attributes

Includes borrower's segment, credit history, financial strength, income stability, repayment behavior and relationship history.

ii) Asset Attributes

Evaluation of the financed asset's nature, resale value, marketability and the quality of primary/secondary security or guarantees.

iii) Business Attributes

Assessment of the borrower's business model, scale, profitability, managerial capability and exposure to sector-specific risks.

iv) Loan Attributes

Includes loan tenure, projected yield, repayment capacity, and financial obligations.

v) RBI Policies and Regulatory Guidelines

Adherence to RBI directives and sector-specific lending norms.

vi) Competitive Offerings and Market Trends

Benchmarking with interest rates and terms offered by peer NBFCs and banks.

vii) Other Relevant Factors

Includes considerations like geopolitical risks, legal exposure, or other borrower-specific variables.

The interest rate for each borrower is determined on a **case-to-case basis**, considering the above factors. An indicative interest rate range is outlined in **Annexure 1**.

6. Rate of Interest

a) General Range

The **Annualized Rate of Interest** on loans and advances will range from **18% to 30% per annum**, compounded monthly on the outstanding principal. However, the **Directors and CEO** may approve rates outside this range at their sole discretion.

b) Disclosure to Borrowers

Loan amount, rate of interest, and tenure will be disclosed in:

- Key Fact Statement
- Sanction Letter
- Welcome Letter

These documents will also outline the **repayment schedule** with principal and interest components.

c) Penal Charges

Additional interest may be levied for:

- Delays or defaults in repayment
- Overdue EMIs

Such charges will be prominently displayed in the **loan agreement** and communicated during sanction.

d) Other Financial Charges

Applicable fees may include:

- Processing, charge creation, and cheque bounce charges
- Prepayment/foreclosure charges
- Cheque swap fees
- Cash collection, bank, and field visit charges
- Charges for documents like NOCs, foreclosure value statements, or duplicate repayment schedules

Goods and Services Tax (GST) and other applicable statutory levies will be charged as per prevailing rates. A detailed **Schedule of Charges** is outlined in **Annexure 2**.

e) Prepayment Penalty Waiver

No foreclosure or prepayment penalties shall be charged on **floating rate term loans** sanctioned to **individual borrowers (with or without co-obligants)** for purposes **other than business**.

7. Availability on Website

This Policy is publicly available on the Company's website: www.sahyogfincap.com

8. Validity

This Policy remains in effect until it is reviewed and revised by the relevant **Committee members and the Board of Directors**, as required.

9. Review and Governance

The responsibility for implementing and monitoring this Policy rests with the **CEO and CFO** of the Company. They are authorized—jointly or individually—to:

- Modify, amend, or remove operational provisions of the Policy
- Respond to changes in **technology, regulations, market conditions**, or **risk environment**
- Ensure alignment with the overarching spirit and intent of the Policy

Any changes made under this authority will be presented to the policy-approving authority during the next review cycle.

They are also empowered to:

- Delegate responsibilities as appropriate
- Design or redesign **MIS** and **reporting systems** to enhance accountability and efficiency within the organization

Annexure1 – Indicative List of Interest Rate Range

Product	Annual Rate of Interest Range
CAR/MUV	18% to 30%
Commercial Goods Vehicle	18% to 28%
Three-Wheeler Loading	23% to 30%
Three-Wheeler Passenger	24% to 30%
Tractor	20% to 30%
Buses	20% to 27%

Product	Annual Rate of Interest Range
MSME Loan/LAP Loan	21% to 26%
MSME Unsecured Loan	25% to 30%

Annexure 2 – Schedule of Charges

Vehicle Loan Charges

Sr. No.	Details of Charges	Applicable Charges
1	Cheque Bouncing Charges	Rs. 1180 + Applicable Tax
2	File Processing Charges	Up to 3% of loan amount
3	Documents Charges	Up to Rs. 2000 + Applicable Tax
4	Third Party Insurance Charges	Up to 1500 + Applicable Tax
5	Cheque Swapping Charges	Rs. 1000 Per Swapping + Applicable Tax
6	Cheque/NACH Representation Charges	Rs. 500 Per Representation + Applicable Tax
7	Foreclosure Statement Charges	Rs. 500 + Applicable Tax
8	Vehicle Valuation Charges	Rs. 700 + Applicable Tax
9	Collection Visit Charges	On actual basis + Applicable Tax
10	Charges for Miss Due Date	Rs. 200 Per Miss Due Date + Applicable Tax
11	Loan Suraksha Insurance Premium	On actual basis
12	RC Details Extract Charges	Rs. 200 + Applicable Tax
13	Loan Re-Schedulement Charges	Rs. 2000 + Applicable Tax
14	Loan Cancellation & Rebooking Charges	Rs. 5000 + Applicable Tax
15	Loan Statement Charges	Rs. 1000 + Applicable Tax
16	Duplicate Repayment Schedule Charges	Rs. 500 + Applicable Tax
17	Stamp Duty Charges	As applicable in the respective state
18	Duplicate NOC Charges	Rs. 1000 + Applicable Tax
19	Legal Proceeding/Vehicle Repossession & Incidental Charges	On actual basis + Applicable Tax
20	Overdue Charges/Delay Payment Charges	3% Per Month Plus Applicable Tax
21	Cash Deposition Charges	0.50% of Cash Deposit Amount + Applicable Tax
22	Pre-closure Charges	No Prepayment allowed within 12 Months from 1 st EPI date
		8% of outstanding principal after 12 months from 1 st EPI date

MSME Loan Charges

Sr. No.	Details of Charges	Applicable Charges
1	Cheque Bouncing Charges	Rs. 1180 + Applicable Tax
2	File Processing Charges	Up to 4% of loan amount
3	Documents Charges	Up to Rs. 2000 + Applicable
4	Cheque Swapping Charges	Rs. 1000 Per Swapping + Applicable Tax
5	Cheque/NACH Representation Charges	Rs. 500 Per Representation + Applicable Tax
6	Foreclosure Statement Charges	Rs. 3000 + Applicable Tax
7	Property Valuation Charges	Rs. 1500 Per Property + Applicable Tax
8	Collection Visit Charges	On actual basis + Applicable Tax
9	Charges for Miss Due Date	Rs. 200 Per Miss Due Date + Applicable Tax
10	Loan Suraksha Insurance Premium	On actual basis
11	Loan Re-Schedulement Charges	Rs. 2000 + Applicable Tax
12	Loan Cancellation & Rebooking Charges	Rs. 5000 + Applicable Tax
13	Loan Statement Charges	Rs. 3000 + Applicable Tax
14	Duplicate Repayment Schedule Charges	Rs. 500 + Applicable Tax
15	Stamp Duty Charges	As applicable in the respective state
16	Duplicate NOC Charges	Rs. 1000 + Applicable Tax
17	Legal Proceeding & Incidental Charges	On actual basis + Applicable Tax
18	Overdue Charges/Delay Payment Charges	3% Per Month Plus Applicable Tax
19	Cersai Registration Charges	Rs. 200 + Applicable Tax
20	Title Search Report Charges	Rs. 1500 + Applicable Tax
21	Cash Deposition Charges	0.50% of Cash Deposit Amount + Applicable Tax
22	Pre-closure Charges	No Prepayment allowed within 12 Months from 1st EPI date
		8% of outstanding principal after 12 months from 1st EPI date

- **All interest rates mentioned are indicative and annualized.**

- **The actual interest rate may vary on a case-to-case basis**, depending on one or more factors outlined under the risk gradation criteria.
- **Applicable taxes such as GST and other statutory levies** will be charged in addition, as per prevailing regulations.

For SAHYOG FINCAP PRIVATE LIMITED

MR. DEV SINGH
MD & CEO

MR. BIJAYA KETAN DAS
Executive Director