

## **Reference Lending Rate Model**

The model used by Cholamandalam Investment and Finance Company Limited for determining the Reference Lending Rate and the approach for gradation of risks is given below.

### **Methodology:**

#### **1. Reference Lending Rate (RLR)**

- a. The RLR will be arrived at based on the weighted average cost of funds (including all charges), credit risk premium, administrative costs and profit margin associated with borrowers. RLR will be determined for each major lending product separately in the form of a range of rates.

#### **2. Approach for gradations of risk and rationale:**

- a. The Lending Rate will be different for different categories of borrowers. The lending rate will be arrived by considering profile of the customer, tenure of customer relationship, past repayment track record of the customer, customer segment, market reputation, inherent credit and default risk in the products, subventions and subsidies available, ancillary business opportunities, future potential, group strength and value to lender group, overall customer yield, Loan-to-Value (LTV) ratio, nature and value of primary and collateral security, subject to permissible deviations.
- b. The Lending Rate will be derived from RLR by adjusting the same for various factors as listed in point 2-a. The Lending Rate is determined on a case to case basis and will depend upon considerations of any or combination of a few or all factors listed out in point 2-a above. The current RLR and Indicative Lending Rate is given in Annexure 1.

### **3. Revision to RLR**

- a. The revision to RLR would be decided on quarterly intervals and/or at shorter intervals if required, depending upon market volatility and cost to company.
- b. Any revision in the RLR would be reviewed and re-fixed by the ALCO and the same will be updated in the website.

### **4. Revisions shall be prospective**

- a. Revision of interest rate and other charges would be prospective in effect and intimation of change of interest or other charges would be communicated to the customer in a mode and manner deemed fit.

### **5. Annualised Rate**

- a. 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 annualised rate of interest in the sanction letter.

### **6. Processing and Other charges/fees**

- a. Besides normal interest, the company may levy additional interest for adhoc facilities, penal interest for any delay or default in making payments of any dues, as communicated to the customer at the time of sanction.
- b. Apart from interest, other charges and fees may be levied, as given in the sanction letter / agreement along with statutory levies, if any.

Please refer Annexure 1 (given below) for the current RLR and Indicative Lending Rate effective from 1<sup>st</sup> June 2018.

**Annexure 1:**

<b>Product</b>	<b>Interest Type</b>	<b>RLR</b>	<b>Indicative Lending Rate Range</b>
<b>Vehicle Finance</b>			
<b>- New</b>			
- HCV		10%	10% - 14%
- LCV		10%	10% - 16%
- MLCV		13%	13% - 19%
- CAR		10%	10% - 17%
- MUV		10.5%	10.5% - 17%
- 2 Wheeler		17%	17% - 24%
- 3 Wheeler		18%	18% - 24%
- Tractor		16%	16% - 20%
- Construction Equipment		10%	10% - 14%
<b>- Used</b>			
- HCV		13%	13% - 20%
- LCV		13%	13% - 21%
- MLCV		17%	17% - 25%
- CAR		14%	14% - 22%
- MUV		14%	14% - 23%
- Tractor		18%	18% - 25%
- Construction Equipment (Registered)		13%	13% - 20%
- Construction Equipment (Un-Registered)		16%	16% - 20%
<b>- Shubh</b>			
- HCV		18%	18% - 25%
- LCV		18%	18% - 25%
- MLCV		18%	18% - 27%
- CAR		18%	18% - 26%
- MUV		18%	18% - 26%
<b>- Trip Loans</b>		13%	13% - 18%
Home Equity	Floating	10%	10% - 15%
Home Loan	Floating	10%	10% - 16%

- All rates mentioned are annualized rates
- Fixed rates sanctioned to customer will not change during the tenor of the loan
- The Lending Rate is determined on a case to case basis and will depend upon considerations of any or combination of a few or all factors listed out in point 2-a above.