



DMI FINANCE

INTEREST RATE POLICY
OF
DMI FINANCE PRIVATE LIMITED

SUMMARY OF POLICY:

Policy Name	Interest Rate Policy
Issue and Effective date	April 19, 2011
Periodicity of Review	Annual
Owner / Contact	Corporate and Consumer Department
Approver	Board of Directors

Date of Review	Date of Next Review	Comments/Remarks/Changes
September 3, 2021	On or before September 2022	Annual Review and modification of various sections.
May 20, 2022	On or before May 2023	General alignment with regulatory provisions/laws and business of the Company.
May 22,2023	On or before May 2024	Annual Review

1. PREAMBLE:

As per Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 issued by Reserve Bank of India ("RBI") as amended from time to time ("RBI Master Directions"), the Board of Directors of all Non-Banking Financial Companies (NBFCs) shall adopt an interest rate model 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 directive states that the rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter. In view of the same, DMI Finance Private Limited ("DMI" or the "Company") has formulated the Interest Rate Policy ("Policy").

2. OBJECTIVE OF INTEREST RATE POLICY:

The objective of the Policy is to standardize the methodology used to charge interest rate along with other charges, for different category of customers segment and to arrive at the final rates charged from the customers.

3. INTEREST RATE MODEL:

DMI lends money to its customers through Fixed and Floating rate loans. DMI being a diversified NBFC lends money through various products to cater the needs of different category of customers. The broad categories of customer segments that the Company services are mentioned below.

- i. Corporate Borrowers (Real Estate and Non-Real Estate).
- ii. Consumer Borrowers (Consumption loans, Electric Vehicle loans, Personal loans, MSME loans, Loans Against Securities).
- iii. Individual Borrowers (including Term loans and Loan against Shares offered to High Net-Worth Individual (HNI)).

The interest rates offered to customers for above mentioned loans is based on the following factors:

Sr. No.	Factors	Description
1.	Cost of Fund	The rate of interest charged is also affected by the rate at which the funds necessary to provide loan facilities to customers are sourced normally referred to as internal cost of funds. From an external cost of funds perspective, the benchmark interest rate that may be used by DMI could be either the Base Rate of India or the 10-year Government of India bond as adjusted for the rating spreads available in the markets.
2.	Operating/overheads cost	It includes employee expenses, branch related fixed and variable costs, operations costs, sales and marketing expenses, etc.
3.	Risk Premium	Base risk premium to cover potential credit loss risk, and may vary by business, customer segment, geography, sourcing channel etc. Prices may vary depending upon internal assessment of likelihood of delinquency or potential loss from customer segments.

The applicable interest rate shall also be commensurate from the perspective of the fixed versus floating interest rate requirements of the customers and shall have to be decided in view of the benchmarks deliberated above.

The interest rate to be charged from the borrowers, shall be in the range as mentioned in the **Annexure-1**.

4. APPROACH FOR GRADATION OF RISK:

The rate of interest for loans for various business segments and various schemes thereunder is arrived after adjusting for spread by the relevant business segment. The risk premium attached with a customer shall be assessed inter-alia based on the following factors:

- a) Interest rate risk (fixed vs floating loan);
- b) Credit and default risk in the/ related business segment;
- c) Historical performance of similar homogeneous clients;
- d) Profile and market reputation of the borrower;
- e) Industry segment;
- f) Nature and value of collateral security Secured Vs unsecured loan;
- g) Subvention available;
- h) Ticket size of loan;
- i) Credit Bureau Score;
- j) Tenure of Loan;
- k) Location delinquency and collection performance;
- l) Customer Indebtedness (other existing loans);
- m) Regulatory stipulations, if applicable, and
- n) any other factors that may be relevant in a particular case and as deem fit by the Board of Directors of the Company ("Board").

The rate of interest for the same product and tenor availed during the same period by different customers need not be the standardized one. It could vary for different customers depending upon consideration of all or any combination of above factors.

5. Penal Interest/Add on Interest:

Besides normal interest, the Company may collect penal interest / late payment charges for any delay or default in making payments of any dues. These penal interest / late payment charges for different products or facilities would be decided by the Company from time to time.

The penal interest/add on interest charged by the Company on the customer is provided in **Annexure-2**.

6. PREPAYMENT PENALTY/FORECLOSURE CHARGES:

The Company may, at its sole discretion, allow the prepayment of the loan amount subject to certain conditions and on payment of prepayment penalties/foreclosure charges by the customer. However, DMI shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loans sanctioned to individual borrowers for purpose other than business. The prepayment penalty/foreclosure charges charged from the customer by the Company is provided in **Annexure-2**.

7. OTHER FEES/CHARGES:

- The Company generally charges a fee on the loan amount depending on category of loan and risk associated in the form of processing fees/ non-refundable upfront fee etc. The fees/charges charged by the Company on the Customer is provided in ***Annexure-2***.
- All other fees for cases where DMI is involved shall be set out in the engagement letter of the customers.

8. PROCEDURAL ASPECTS:

A. DMI shall communicate to the customer:

- a) The amount of loan sanctioned along with the terms and conditions including annualised rate of interest,
- b) Details of the default interest / penal interest rates and the charges payable by the customers in relation to their loan account and method of application thereof and (penal interest charged for late repayment of loan would be mentioned in bold in the loan agreement),
- c) Terms and conditions and other caveats governing the credit given by DMI arrived at after negotiation,
- d) In case of any change in any of the terms and conditions / caveats / any information which is relevant from the point of view of the transaction (including annualised rate of interest), the same shall be conveyed to the customer as an addendum / additional annexure to the agreement/term sheet. However, all the relevant formalities (e.g., further legal documentation, approval of customer, certification of DMI officials etc.) relating to such change shall be documented and a copy of the same shall also be sent to the customer. The same may be communicated through electronic media or any other form of communication by the employees of DMI and shall be duly approved by the customer and certified by the authorized official of DMI. The acknowledgement of the receipt of the said additional document shall also be preserved on the records by DMI officials in a chronological manner for future reference.
- e) DMI shall also ensure that changes in interest rates and charges are affected only prospectively.

B. Content on the website:

Interest Rate Policy would be uploaded on the website of the Company and any change in the rates and charges for existing customers would be uploaded on the website of the Company.

9. EMPLOYEES LOAN:

The loan provided to the employees are governed by the Internal policies of the Company.

10. DEVIATION IN THE PROVISION OF THE POLICIES:

There can be a deviation in the rate of interest and other charges/fees/penalties as specified in the provisions of this policy. The deviation is effective only if it is approved in the manner as specified in the ***Annexure-3***.

11. REVIEW OF THE POLICY:

The Policy shall be amended or modified with approval of the Board. The Policy shall be reviewed by the Board on an annual basis. Consequent upon any amendments in RBI guidelines or any change in the position of the Company, necessary changes in this Policy shall be incorporated and approved by the Board.

Notwithstanding anything contained in this Policy, in case of any contradiction of the provision of this Policy with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this Policy.

Interest Rate Model

(1) CORPORATE BORROWERS:

Category of borrower	Tenure of Loan	Rate of Interest/Coupon Rate*
Corporate Borrower		
Real Estate		
Term Loan	Upto 7 years	14%-25% p.a.
Non-Convertible Debentures (NCDs)	Upto 7 years	
Non-Real Estate		
Term Loan	2-7 years	12%-21% p.a.
Non-Convertible Debentures (NCDs)	2-7 years	
Loan Against Shares	2-7 years	12%-21% p.a.
Optionally Convertible Debentures (OCDs)	2-7 years	12%-21% p.a.
Compulsory Convertible Debentures (CCDs)	2-7 years	12%-21% p.a.
Overdraft Rupee Facility		
Real Estate	Upto 3 years (to be renewed at regular intervals)	14%-25% p.a.
Non-Real Estate	Upto 3 years (to be renewed at regular intervals)	12%-21% p.a.

(2) CONSUMER BORROWERS:

Category of borrower	Ticket Size of loan (In Rs.)	Tenure of Loan	Rate of Interest/Coupon Rate
Consumption Loan		1 months-36 months	
Interest Rate Model	1k-500k		12%-36% p.a.
Subvention Model	1k-500k		5%-15% (flat)
Student Consumption Loan	1k -5k	15 days-90 days	1%-3% p.m.
Electric Vehicles	50k-1000K	6 months – 36 months	14%-40% p.a.
Personal Loan	1k-25L	2 months- 60 months	12% - 40% p.a.
MSME			
MSME (Term Loan, Supply Chain Finance & Trade Advance)	5k to 1000 Lakhs	15 days-60 months	10% - 40% p.a.
Loans Against Securities	50K-100L	3 months – 36 months	10%-35% p.a.

(3) Apart from above, we also provide loans to the below mentioned customer segments:

Category of borrower	Tenure of Loan	Rate of Interest/Coupon Rate
HNI Borrower		
Term Loan/Loan Against Shares	1-7 years	10%-35% p.a.

ANNEXURE-2**DETAILS OF PENALTIES/FEES/CHARGES**

Sr. No.	Particulars	Corporate Borrowers	Consumer Borrowers
1	Penal Interest/Add on Interest	1% to 10% (p.a.) on overdue amount or a lower amount as may be mutual agreed with the /borrower.	1% to 7% (p.m.) on overdue amount as may be mutually agreed with borrower.
2	Prepayment Penalty/Foreclosure Charges	Negotiated on case-to-case basis.	Varies from 2% to 5% basis product proposition (wherever applicable).
3.	Other Fees/Charges	Negotiated on case-to-case basis.	0.25% to 4% on the loan amount.
4.	Bounce Charges (NACH/e-Mandate/DD Registered) or Delayed Payment Charges (Alternate Mode)	-	Rs. 250+GST to Rs. 450+GST on each instance.

DEVIATION IN THE PROVISION OF THE POLICY

Sr. No.	Particulars	Approval Required
1	Deviation in Rate of Interest	Joint Managing Director
2	Deviation in any other charges/fees/penalties	Joint Managing Director
