INTEREST RATE MODEL

Shriram City Union Finance Ltd ("Company") as an NBFC is into retail finance reaching out amongst others to the unbanked segment helping for financial inclusion. The Company provides finance/loans against two wheelers, Auto Loans, Personal Loans, Loan against Jewellery, and to the small and medium business enterprises.

Interest Rate for various products and different category of customer segments shall be decided by the management of the Company considering various factors including cost of funds, margin, operating cost, administrative expenses, and credit profile of the customer (or industry category), demographic segments and default risk in respective products. The customer would be provided with an annualized rate of interest in the sanction letter.

Apart from the rate of interest charged to a loan extended to the customer, the Company may levy processing fee, Pre-EMI interest, interest for delayed payments, charges for cheque bounce/ACH-ECS return, charges for swapping the repayment mode, prepayment or foreclosure of loan account, stamp duty, GST and other statutory levies as applicable from time to time.

Rate of interest for loan is arrived at based on a score which is arrived at considering the management / promoter risk, business risk, financial risk, banking track record, the security/collateral offered, field investigation, demographics and past track record if any. The rate of interest for a particular product for similar amount, tenor, location by different customer may have different interest rate. The reason for difference in interest rate is due to the score/weightage given to all other parameters considered for arriving at interest rate.

The loan may be priced based on the score arrived at by taking the above factors into consideration. The score range is from 0 to 10 under five grades. Higher the score assigned to the borrower, better is the grade and lower is the risk associated with the borrower.

Score range: –	**from (> =)**	**to (<)**
Grade 1	8.5	10
Grade 2	7.5	8.5
Grade 3	6	7.5
Grade 4	4.5	6
Grade 5	0	4.5

The Chief Financial Officer /Managing Director of the Company may however permit deviations from the above and the revision in rate of interest as and when deemed necessary.

The following is an indicative Annualized rate of interest

S.NO.	PRODUCT	INDICATIVE - ANNUALISED INTEREST RATE OF INTEREST
1	TWO WHEELER LOANS	18 % to 32 %
2	AUTO LOANS	18 % to 35 %
3	JEWEL LOANS	11 % to 24 %
4	PERSONAL LOANS	12 % to 44 %
5	BUSINESS LOANS	11 % to 32 %
6	LOAN AGAINST PROPERTY	10% to 32%
7	USED TWO WHEELER LOANS	18% to 44%