UNITED PETRO FINANCE LIMITED

INTEREST RATE POLICY

Month – January 2019

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 and the same has been adopted by the Board of Directors of the Company at its meeting held on 29th January 2019.

Keeping in view the RBI's guidelines and the good governance practices being followed by United Petro Finance Ltd (UPFL), the following internal guidelines, policies, procedures and interest rate model have been adopted by UPFL. These need to be taken into account while determining interest rates and other charges, and changes thereto.

The interest rates shall be decided by the Asset-Liability Committee (ALCO) of the Board. The average yields and the minimum rate of interest is decided from time to time, giving due consideration to the following factors;

- The weighted average cost of funds of Company's aggregate borrowings as well as costs incidental to those borrowings, taking into consideration the average tenure, market liquidity and refinancing avenues.
- Operating cost of the business.
- Cost of collection.
- Inherent credit and default risk in the business, particularly trends with sub-groups / customer segments of the loan portfolio.
- Subventions and subsidies available, if any.
- Risk profile of customer - professional qualification, stability in earnings and employment, past repayment track record with us or other lenders, external ratings of customers, credit reports, customer relationship, future business opportunities etc.
- Industry trends – offerings by competition.
- Nature and value of collateral securities.

Interest Rate Policy:

The Company shall adopt a discrete interest rate policy which means that the rate of interest of same product and tenure availed during the same period by separate customers would not be standardized but could vary within a range depending amongst other things, the factors mentioned above.

- The interest rates offered should be on fixed basis.
- Interest shall be deemed payable immediately on due date as communicated and no grace period for payment of interest is allowed.
- Interest would be charged and recovered on accrual basis.
- Interest rate would be intimated to the customers at the time of sanction / availing of the loan.
- Besides normal interest Company may levy additional interest for adhoc facilities, penal interest for any delay or default in making payments of any dues. The levy or waiver of this additional or penal interest for different products or facilities would be decided within the boundaries prescribed by the product policy.
- The rate of interest may vary however the range of interest rate for the clients would fall between 12% to 24% per annum. Interest changes would be prospective in effect and intimation of change in interest or other charges would be communicated to customers in a manner deemed fit as per terms of the loan documents.
- Besides interest, other financial charges like repayment dishonor charges, collection charges, PDC/ECS/ACH swapping charges, duplicate statement of account charges, prepayment / foreclosure charges, loan cancellation charges, duplicate NOC issuance charges, legal charges would be levied by the Company wherever considered necessary. Besides base charges, the service tax and other cess would be collected at applicable rates from time to time. Any revision in these charges would be with prospective effect. These charges would be decided upon collectively by the Management of the Company.

Interest Rate Matrix

- Reference Rate

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

- 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 annualised rate of interest in the sanction letter.

- Risk Matrix and rationale:

  a. The Lending Rate will be different for different categories of borrowers. The lending rate will be arrived by considering the profile of the customer, Loan-to-Value (LTV) ratio, past repayment track with UPFL or any other financier, tenure of customer relationship (if any), customer segment, market reputation, future potential, overall customer yield, nature and value of primary and collateral security, subject to permissible deviations.

  b. The Lending Rate will be derived from Reference Rate by adjusting the same for various factors as listed in point 2(a) above. The Lending Rate is determined on a case to case basis and will depend upon considerations of any or all factors. The current Reference Rate and indicative Lending Rate is as under –

Product	Reference Rate	Lending Rate
Unsecured Business Loan	12%	12% to 24%
Gold Loan	12%	12% to 24%

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