

## Approach to Interest Rates and Gradation of Risks

Reserve Bank of India's guidance on Fair Practices Code expects the Board of Directors of an NBFC to disclose to customers and publish on its public website, the NBFC's approach to charging interest rate and grading risks.

The Company's decisions on providing credit to customers, gradation of risk and the interest rates or lease rentals charged to customers are determined on a case-by-case basis taking into account one or more factors which include: the type of asset being financed and its intended end-use, customer profile and repayment capacity, past repayment history and track record, cash flows and other financial commitments, security available, credit enhancement, inherent credit and default risk, cost of funds, any available financial accommodation, interest subsidy or discount, operating / administration costs, margin and risk premium, term or tenor of the credit / loan, customer's geographic location, the Company's competitive positioning etc. The above information will be collated based on customer inputs, checks and validations performed, and data gathered by the Company from other sources or from independent third parties e.g. credit bureau etc. Credit assessment will be based on the Company's internal credit policy and approach.

The annualized interest rate/lease rental charged to a customer will be disclosed through a signed copy of the credit agreement/related documentation provided to the customer in every case. Management has the discretion to determine interest rates / lease rentals on a case-by-case basis and the interest rates / lease rentals are subject to change depending on the facts and circumstances of each case. Consequently, it is possible that the rate of interest / lease rental for the same product and term / tenor availed by two customers at the same time may be different.

Competitive pressures in the Company's chosen market segments coupled with the attendant choice of financial products and financial service providers available to borrowers serve as natural safeguards against charging an excessive rate of interest / lease rentals to the Company's customers.

**Sooner updates:** An updated version of this document will be published on the Company's website if it is revised prior to the Next Review Date set out below.

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DLL (De Lage Landen) has offices in more than 30 countries throughout Europe, North America, South America, Australia and Asia. The company is part of the Rabobank Group.