Siemens Factoring Private Limited

Interest rate policy

Version	Review Date	Change
V1	July 26th 2023	Adoption
V2	June 26th 2024	Review
V3	Dec 17th 2024	Review

Approved by the Board of Directors of
Siemens Factoring Private Limited

INTEREST RATE POLICY

1. Preamble

The Reserve Bank of India (the RBI) had, vide notification dated January 2, 2009, July 1, 2010 and all amendments till date, advised the Boards of all NBFCs to lay down appropriate internal principles and guidelines for determining interest rates and processing and other charges.

In compliance of the said provisions, Siemens Factoring Private Limited (SFPL, the Company) has framed the Interest Rate Policy giving the guiding principles for determining the Interest Rates and other charges for the loans to be advanced and facilities to be provided by the Company.

2. Title

This Policy shall be called “SFPL – Interest Rate Policy” (hereinafter referred to as the Policy).

3. Applicability

The policy shall be applicable to all the financial products of the Company including loans.

4. Commencement

The provisions of the Policy shall be applicable from the date of the approval of the Policy / amendment by the Board of Directors.

5. Tenets

5.1 Determination of Reference Lending Rate

The Board of Directors (or any committee of the Board with specific powers in this regard) will determine a Reference Lending Rate (RLR) based on factors like weighted average cost of funds, all the leviable charges, credit risk premium, administrative costs and profit margin. Any change in the RLR will be reviewed and approved by the Board.

5.2 Determination of Contract Lending Rate

The Lending Rate for each contract will be decided by the functional heads by addition / reduction to the RLR after considering various factors like tenor of the contract, market reputation of the customer, inherent credit and default risk of the product, Customer profile, Past repayment track record of the Customer, Segment to which the business of the Customer belongs, other business opportunities with the Customer, future potential, the financial strength of the group to which the Customer belongs, the nature and value of the security (primary as well collateral) etc.

5.3 Interest Rates to be discrete

The Company will follow a policy of discrete interest rate(s). This means the rate of interest for same product and period availed by different customers during the same period may be different depending on various factors cited at (2) above.

5.4 Interest Rate may be fixed or floating

The interest rates may be offered on fixed or floating basis. The base RLR for the floating rates will be decided at monthly / quarterly intervals depending upon market volatility. The interest re-set period will be decided by the Company from time to time.

5.5 Periodicity of Interest

The interest will be charged on the periodicity as mentioned in the contract.

5.6 Changes in interest rates to be prospective

The changes in the interest rates will be prospective and they will be communicated to the Customer.

5.7 No grace period allowed for payment of interest

The interest will be payable by the Customer on the due date. No grace period would be allowed for payment of interest.

5.8 Moratorium

The Company may consider necessary moratorium for payment of interest and repayment of principal amount with proper built in pricing.

5.9 Additional Interest and other charges

Besides the normal interest, the Company may levy additional interest in form of penal interest for any delay or default in payments or additional interest on other facilities etc. The company may also levy other financial charges including processing fees, cheque bouncing charges, pre-payment / foreclosure charges, RTGS or such other remittance charges, commitment fees, charges for services like issue of No Due certificate, security swap charges etc. These additional interests / financial charges will be decided by the respective functional / product heads. While deciding about the additional interest and other financial charges the market practices will be taken in to consideration.

5.10 Staggered disbursements

In case of staggered disbursements the interest rate would be reviewed and may vary according to the prevailing rate at the time of disbursement or as may be decided by the Company.

5.11 Communication of Interest Rate to the Customer

The interest rate (including the annualized interest rate) will be communicated to the Customer in the sanction letter. The apportionment of the EMI amount towards the principal and interest will also be communicated to the Customer by way of the repayment schedule.

5.12 Claims for refund / waiver of additional interest / financial charges

The claims for refund / waiver of additional interest / financial charges would normally not be entertained by the Company and such waiver / refund will be at sole discretion of the Company.

7. Detailed Interest rate in Annexure 1.

7. Amendment to the Policy

Any amendments to this policy would not be effective unless the same is made either by the Board of Directors or any committee of the Board authorized in this behalf. This policy shall be reviewed on yearly basis.

8. Interpretation of provisions of the Policy

Any question about the interpretation of any of the provisions of this policy, shall be decided by the CEO, CFO and CCO. The CEO, CFO and CCO may consult such experts as they may deem necessary in this regard. Such decision shall be in consonance of the guidelines of the RBI and the spirit of this Policy and shall be considered final.

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Interest rate model Annexure I

Sr. No	Particulars	% Percentage
1	Effective cost of funds (A)	7.5% to 8.5%
2	Budgeted OPEX cost (B)	2% to 4%
3	Expected credit costs (C)	1% to 2.5%
4	Expected return on Asset (Margin) (D)*	2% to 3%
5	Average Annualized Interest rate to be charged (A+B+C+D)*	12.5% to 18%

*****will vary depending on the pointers mentioned in the interest rate policy wrt customer rating, tenor, Asset type, Cash collateral, Asset collateral (secured/unsecured) etc.