

## Interest Rate Model

Our interest rate is decided based on the three parameters, namely, Cost, Risk Premium and Our Margin.

### Cost:

Bank Funds	16.50%
Deposit Funds	13.00%

### Average

- Borrowing Cost	14.75%
- Staff Cost	3.50%
- Administration Cost	4.00%
Average Cost	<u>22.25%</u>

### Risk Premium:

Our risk is decided by various factors like, the age of the asset, condition of the asset, profile of the borrower, quantum of the loan amount and tenure of the loan.

Normal Quantum of Loan      70% of the Value of the Asset

Normal Tenure                      Minimum 12 months and Maximum 36 months

Normal Age                              Up to 3 years old is considered Excellent, between 3 to 7 year old is considered Good, between 7 to 10 year are considered as Moderate and beyond 10 year is considered as Standard.

Whenever all the parameters are fulfilled, the risk premium is zero and otherwise it is increased based on the various parameters.

### Our Margin:

The Company expected a minimum margin of 5% from each transaction.

Thus the return expected is approximately 27 to 28%