

MAXVALUE CREDITS AND INVESTMENTS LIMITED
POLICY ON INTEREST RATE FIXATION
(As approved by the Board at the meeting held on 10th April, 2017)

MAXVALUE CREDITS AND INVESTMENTS LIMITED duly considered the following key components of interest in order to finalize the policy of the company in fixing interest rates on different gold loan schemes, micro finance loans and vehicle loans available in the company.

- 1. Basic Interest Rate**
- 2. Risk Interest Rate**
- 3. Penal Interest Rate**

The company also considered the prevailing market conditions as also the directions and guidelines issued by Reserve Bank of India or other regulatory authorities prescribed in this regard. The interest rates on different Loans shall always be expressed in simple rates.

Basic Interest Rate

Basic Interest Rate means the rate without considering the risk associated with the loans. This will be arrived at taking the following costs.

1. Cost of Capital

Cost of capital represents the cost of borrowings of the company for providing loans under different schemes. The rate of interest offered on debentures/bonds accepted by the company, cost of borrowings from bank or other borrowing charges etc are considered while fixing the cost of capital.

2. Overhead Cost

The overhead costs incurred by the company as administration overheads, sales and marketing overheads and other expenses incurred in running the company are considered to determine the rate of interest of the company.

3. Return on Capital Employed

The company also considers a fair return on the capital investment in order to give a fair reward to the share holders on their investment while fixing the interests rates by the company.

Thus the basic interest rate will be fixed as a mark up on the current cost of funds (i.e. the cost of borrowing of the relevant month) and the overhead costs plus a fair return on capital employed. For the purpose of market penetration and taking into account competition involved in the business, the basic interest rate in certain schemes will be fixed with low mark up on the cost of funds.

Risk Interest Rate

Risk Interest will be determined considering the risk involved in different loan schemes. For loan schemes with low LTV the risk interest rate will be lower. This rate will be increased in proportion to the increase in LTV. Risk rate will also increase depending on the period of the loan and for defaults in payment of interest on the loan.

Penal Interest Rate

Penal interest will be charged where the loan is not repaid in time and for loans outstanding for more than a year. The efforts of the company to recover the loan shall also be considered to determine the penal rate. The Company may introduce loan schemes with upfront interest or schemes with minimum amount of interest and a specified lock in maturity period, duly acknowledged by the customer.

Other information

The loan agreement shall contain details like the rate of interest, additional interest for default in interest payment, and the rate of penal interest for payment of overdue for more than 365 days.

A copy of the loan agreement containing DPN and terms and conditions will be handed over to the customer at the time of granting the loan.

Interest rate structure of the loan schemes containing all details stated above and the approach of the company for gradation of risks etc shall be displayed on the web site of the company. Changes in these rates/details will be updated from time to time.
