



INTEREST RATE POLICY

AQUILA FINANCE LIMITED

[Type text]



Interest rate policy

Reserve Bank of India advised that Board of Non-Banking Finance Companies to lay out appropriate internal principles and procedures to determine the interest rates, processing and other charges.

Keeping in view the RBI's guidelines the Company had adopted the following internal guidelines, policies, procedures and interest rate model and submitted to the Board of Directors of Aquila Finance Ltd for approval. The Policy will be reviewed and revised and got approved by the Board of Directors If there is any change in the statutory/regulatory provisions or annually, whichever is earlier.

The average yield and the interest rate is decided from time to time by giving due consideration to the following factors;

- The cost of funds on the borrowings, as well as costs incidental to those borrowings, taking into consideration the average tenure, market liquidity etc;
- Operating cost in our business and maintaining the stakeholders expectations for a reasonable, market-competitive rate of return;
- Inherent credit and default risk in our business, nature of lending for example unsecured/secured, Nature and value of securities and collateral offered by customers.
- Risk profile of customer - financial positions, past repayment track record with us or other lenders, external ratings of customers, credit reports, customer relationship etc.

Cost of funds (inclusive of Own funds / borrowed funds)	: 09 %
Margin	: 06 %
Operational / Incidental Expenses / Risk coverage	: 05 %
Lending rate	: 20 %