

“INTEREST RATE POLICY”

of

GSB FINANCE LIMITED

1. Introduction

This Interest Rate Policy outlines the principles, guidelines, and practices followed by GSB FINANCE LTD (hereinafter referred to as “the Company”) in setting and revising the interest rates on financial products offered to customers. The policy aims to ensure fairness, transparency, and compliance with regulatory guidelines issued by the Reserve Bank of India (RBI) and other relevant authorities.

2. Objective

The primary objectives of this Interest Rate Policy are:

- To ensure transparency in the pricing of financial products.
- To ensure that interest rates are fair and competitive.
- To comply with the applicable regulations, including those set by the Reserve Bank of India (RBI).
- To establish a framework for setting interest rates based on a consistent and transparent methodology.

3. Applicability

This policy applies to all loans and credit facilities extended by the Company, including but not limited to:

- Personal Loans
- Business Loans
- Vehicle Loans
- Home Loans
- Microfinance Loans
- Any other credit facilities offered by the Company

4. Regulatory Compliance

The Company ensures compliance with the relevant provisions of the Reserve Bank of India (RBI) guidelines, including:

- RBI's Master Directions on Fair Practices Code for Non-Banking Financial Companies.
- Guidelines on interest rate determination and transparency issued by RBI.
- Other relevant guidelines issued by regulatory authorities from time to time.

5. Interest Rate Setting Framework

The Company adopts the following framework for setting interest rates:

5.1 Base Rate or Benchmark Rate

The Company will base its lending rates on a **Benchmark Rate**, which may be the **Marginal Cost of Funds Based Lending Rate (MCLR)**, **External Benchmark Lending Rate (EBLR)**, or any other rate determined by the Company, subject to RBI guidelines.

5.2 Factors Affecting Interest Rates

Interest rates charged to customers will depend on various factors, including but not limited to:

- **Cost of funds:** The interest rates charged by the Company will reflect the cost of obtaining funds (including debt and equity).
- **Credit risk:** The creditworthiness of the borrower, assessed through internal risk evaluation, will influence the interest rate.
- **Loan tenure:** The length of the loan tenure will affect the interest rate charged.
- **Loan amount:** Larger loan amounts may attract different interest rates due to differing risks and costs involved.
- **Market conditions:** The general interest rate environment, including economic factors and RBI monetary policy, will influence the rate-setting process.
- **Operational and administrative costs:** The Company will consider its operating costs, including servicing and collection expenses, while determining the interest rate.
- **Type of loan product:** The interest rate may vary based on the type of loan (e.g., secured vs. unsecured) and the nature of the product.

5.3 Type of Interest Rate

- **Fixed Rate:** In some cases, the Company may offer loans at a fixed interest rate throughout the tenure of the loan.
- **Floating Rate:** The Company may offer loans with a floating interest rate, which may change periodically based on market conditions and the benchmark rate.

5.4 Spread over Benchmark

The Company will determine the interest rate by adding a **spread** over the benchmark rate, based on the factors mentioned above. The spread will be reviewed periodically and may be adjusted based on changes in operational costs, market conditions, and risk factors.

6. Transparency in Pricing

To ensure transparency, the Company shall:

- Clearly disclose the interest rates, processing fees, charges, and other terms and conditions to customers at the time of loan origination.
- Display the interest rates on other communication channels.
- Provide detailed explanations of how interest is calculated (e.g., reducing balance method, flat rate method, etc.) to customers before the loan agreement is signed.

7. Disclosure of Interest Rates

- The Company shall ensure that the interest rate structure for various products is disclosed clearly in loan agreements and brochures.
- Customers will be informed in advance about the applicable interest rate, any changes in the rate during the loan tenure, and the reasons for such changes (if applicable).

8. Revisions to Interest Rates

The Company reserves the right to revise its interest rates based on changes in market conditions, cost of funds, RBI policy, or any other factors that impact the pricing of loans. However:

- **Prior notice** will be provided to customers in case of upward revisions in interest rates.
- **No increase in interest rate** will be applied to loans with fixed interest rates during the loan tenure.

9. Methodology for Interest Calculation

- Interest rates will be calculated using **annualized percentage rate (APR)**, reducing balance method, or any other method deemed appropriate by the Company.
- The loan agreement will specify the method used for interest calculation.
- The Company will ensure that customers are informed about the applicable method for interest calculation.

10. Penal Interest

The Company may charge **penal interest** in cases of late payment or default. The penal interest rate will be clearly mentioned in the loan agreement and communicated to the customer at the time of loan origination.

11. Periodic Review

- The Company will review its Interest Rate Policy at least once a year, or as and when required, to ensure that it remains aligned with the market conditions, regulatory guidelines, and business requirements.
- Any revisions to the policy will be approved by the Board of Directors and communicated to all stakeholders, including customers.

12. Grievance Redressal

In case of disputes related to interest rates or other charges, customers can approach the Company's **Grievance Redressal Mechanism**. The Company will address customer concerns promptly and in a transparent manner.

13. Contact Information

For any queries or further information related to interest rates or other charges, customers may contact:

- **Customer Service Department**
Email: info@gsbgroup.co.in
Phone: 91-22-22654387/22673609
Address: [GSB Finance Ltd]
[78/80, Ali Chamber, Tamarind Lane, Fort]
[Mumbai, Maharashtra - 01]

14. Conclusion

This Interest Rate Policy reflects the Company's commitment to providing fair, transparent, and competitive financial products to its customers while maintaining compliance with applicable regulatory guidelines. The Company strives to uphold customer trust and ensure that its interest rate practices align with the best interests of its stakeholders.
