

**GALADA FINANCE LIMITED**  
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**INTEREST RATE MODEL & GRADATION OF RISK**

**Preamble:**

Reserve Bank of India vide Master Circular DNBS.PD.CC.No. 286/03.10.042/2012-13 dated July 2, 2012 have directed all NBFCs that rates of interest and the approach for gradation of risks shall be made available on the web-site of the companies.

**Rate of Interest:**

Company has fixed its Reference Lending Rate (RLR) based on the cost of fund, inherent risk of business and cost of operation. Present Reference Lending Rate of GFL is BPLR + 1.5 %

**Approach for Gradation of Risk**

GFL is primarily into automobile financing. Broadly the risk of this business would depend on the risk associated with the age of the Vehicle and the Customer.

Following Matrix will be used for arriving at product specific Base Lending Rate (BLR)

Category No.	Description of Vehicle	Reference Lending Rate	Margin Requirement
01	New Vehicle	BPLR+.25%	25%
02	One to Three year Old Vehicle	BPLR+.50%	32-35%
03	More than Three Less than Five Year old	BPLR+.75%	38-45%
04	More than Five less than Seven Year old	BPLR+1%	50%

Risk associated to customer will depend on various factors like Loan to Value ratio, Tenure of the Loan, Geography (Location), and usage. The Risk factor would be converted into an additional charge and added onto the Base lending Rate (BLR) to give the final IRR for the product.