

**This Circular Cancels and Replaces  
Credit Circular NO 2024 /27 dated 26<sup>th</sup> September 2024**

**Credit Circular No 2024/32  
29<sup>th</sup> October 20/24**

**RATES OF INTEREST ON ADVANCES  
EFFECTIVE FROM 30<sup>th</sup> October 2024**

The criteria to determine the rate of interest on advances is based on the following attributes: -

- The prevailing Credit Risk Rating of the borrower
- Type of security offered
- Business Sector
- Tenure

**Table 1**

**Business Loans / SME/ Consumption / Co-operative Sectors/Housing**

Rating	Security Immovable Proper		Security Personal Guarantees & Movable assets	
	Term < = Year	Term >1-5 years	Term < = Year	Term >1-5 Years
AAA	20.5 %	21.50%	22.5%	23.5%
AA	20.00%	22.00%	23.00%	24.00%
A	21.5%	22.5%	23.5%	24.5%
BBB	22.5%	23.5%	24.5%	25.5%
BB	23.00%	24.00%	25.00%	26.00%
B	23.5%	24.5%	25.5%	26.5 %

**Notes Table 1**

- a) All Revolving Loans additional 2%
- b) Relending for Micro Credit additional 4% to be added, irrespective of the Credit Rating and Security. Tenure should be restricted to one year
- c) When lending to SANASA Societies reduce rate of interest by 2 % irrespective of the Credit Rating and Security
- d) Exposure to Revolving Facilities to be restricted to 20% of the total loan portfolio of the company





**Table 2 - LEASE FINANCE**

Vehicle Category	YOM		Rate	LTV %
Cars, Vans, SUV, Double Cab	U/R (0-1 Year)		22.00%	Locally MFD - 70% Others - 50%
Registered Category				
Category	Year	Maximum Exposure Level	Rate	
Cars, Vans, SUV, Double Cab	2023 - 1993	70% - 75%	21.00%	
		60% - 69%	20.00%	
		50% - 59%	19.00%	
		>50%	18.00%	
Motor Lorries / Motor Coaches	U/R (0-1)		22.00%	
	2023-1995	70%	23.00%	
Light Motor Lorries (Registered as Dual Purpose or Single Cab)	U/R (0-1)		22.00%	
	2021 - 2010	70%	23.00%	
Power Draft - Cars, Vans, SUV, Double Cab Only	2023 - 2003	70% - 75%	21.00%	
		60% - 69%	20.00%	
		50% - 59%	19.00%	
		>50%	18.00%	
Three Wheelers	2003 - 2004	70%	32.00%	
	2005 - 2010		30.00%	
	2011 - 2014		28.00%	
	>2015		26.00%	
Motor Cycles	As mentioned in the 2W circular	70%	36.00%	
Exposure to "Power Draft facilities Should be restricted 10% of the total Loan Portfolio of the company				

Notes Table 2 he following vehicle categories that should not be leased as per our policy



- a) Duplicate Certificate of Registration
- b) Prime Movers
- c) Converted vehicles which lack the formal approval of RMV
- d) Vehicles transferred to the insurer at the time of settlement of the total loss claim

**TABLE 3**

**CASH BACKED FACILITIES(All types of Borrowers)**

	LOAN VALUE	Interest Rate
All Savings Deposits and Monthly Interest FDs	80 % of the face value of FD or Hold balance of Savings	Additional 3% above the Deposit Rate
FDs (Interest Paid Maturity)	90% of the face value of FD	

**Table 4**

**STAFF LOAN SCHGEME**

Cash Backed	1.5% ABOVE THE DEPOSIT RATE
All other categories of Loans in the Staff Loan Scheme circular	Rate of Interest will be equal to the prevailing Cost of funds Plus 1 %

**Table 5 - Letters of Guarantee (LG) Commission**

Security	FIXED DEPOSIT	Primary mortgage over Immovable Property	Mortgage over Stock in trade
Value of the Guarantee	100% face value	Equal to 70 % of FSV	Equal to 50% of the value of Stocks
Commission	2 % of the value of the Letter of Guarantee or Rs 3,000/- whichever is higher	4 % of the value of the Letter of Guarantee or Rs 5,000/- whichever is higher	5 % of the value of the Letter of Guarantee or Rs 5,000/- whichever is higher

**TABLE 6**

**Penal Rates of Interest**

Loans	Recover 3% per annum on the installments in arrears, over the applicable rate of interest, relating to the facility
Lease Finance	Recover 4% per month on the rentals in arrears
Gold Loans	Recover 3% per annum on the Capital amount due over the applicable rate of interest, relating to the Gold loan

**Table 7**

**Early Settlement Charges For LOANS(ESC) Refer Note Below**

(Tariffs and Charges Circular stands amended)

After repayment of 25 % of Capital	After repayment of 50 % of Capital	After repayment of 75 % of Capital
------------------------------------	------------------------------------	------------------------------------



Recover ESC at 6% pa on the early settled amount	Recover ESC at 4% pa on the early settled amount	Recover ESC at 2% pa on the early settled amount
--	--	--

**Note**

Facilities granted to " Co-operative Societies" and "Power Draft" Facilities granted to customers are exempted from above stated ESC.

**TABLE 8**

**Early Settlement Rebate for Lease Finance Facilities**

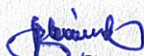
Settlement Period	Rebate	Note
Within 1 to 12 months	No Rebate	Rebates on Default Interest (OD Int,) and rebates to any other hardcore default cases to be considered on a case by case basis by CEO Executive Director, backed by the justifications and recommendations of Head of Leasing and Head of Recoveries
Within 13 to 24 Months	40% of Future Interest	
Within 25 to 60 Months	60 % of Future Interest	

**General Notes**

- Rates of interest on GOLD LOANS are notified under a separate circular, on the subject , along with the Loan to gold Value Ratio (LTV Ratio)
- For any variations for Prime & Profitable customers refer to CEO/ Executive Director with the justification & recommendation of the Branch Manager and DGM (Credit) Head of Leasing, Manager Credit (CCD) as applicable, taking into consideration the prevailing Cost of Funds and customer profitability to our company`



Head of Leasing



Deputy General Manager (Credit)



CEO/ Executive Director