

Volvo Financial Services (India) Pvt Ltd

Interest Rate Policy

1. The Company shall be guided by this policy for determining the interest rates on various Loan Schemes of the Company. It shall also consider the then prevailing market conditions and various rules and regulations prescribed by the Reserve Bank of India or such other competent authority from time to time while fixing the interest rates.
2. Interest charged by the Company on various loan products shall be determined considering the below mentioned parameters
  - i) Basic Rate  
Basic Rate shall be arrived at after considering the following aspects:
    - Cost of Funds: This includes the interest and other related charges payable by the Company on the borrowed funds.
    - Operating Cost: This includes the Employee cost, Operating expenses, Selling Expenses and other administrative overheads of the company.
    - Gradation of Risk: The nature of risk associated with the loan will always have a bearing on the Basic Rate to be arrived at.
    - Return on Equity: After meeting all the above, a reasonable return on equity is to be ensured in arriving at the base rate.
  - ii) Risk Premium  
While fixing the risk premium, the company shall take into consideration, the LTV rate applicable to the loan, the frequency of servicing of the loan by the customer, risk perception of the company based on geographical location, class of customers etc.
3. In order to cover any possible loss due to additional cost of finance on the company due to non-servicing of the loan, by the borrower, the company may charge an additional interest at a maximum rate of 2.5 % per month on the outstanding instalment from due date till the date of repayment
4. In addition to the interest rate, loan processing charges, legal fees, penal and liquidated damage charges, commitment fees, prepayment/foreclosure charges etc. would be levied wherever considered necessary as decided by the Company.
5. Based on the above, our Lending Rates will generally be in between 6% – 19% per annum which would differ based on the credit worthiness of the obligor, tenure of financing, economic life of asset being financed etc. In certain cases, interest rate may fall outside the indicated range, subject to necessary approval from the authority holders which is dependent on the vintage & size of the obligor and the market competitiveness.