

	Fair Practice Code Hero FinCorp Limited	Version: 1.01 Review Date: 27 October 2023	Approved by: Board of Directors
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Hero FinCorp Limited (“HFCL”)

Pricing Policy

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Approved by	Ajay Sahasrabuddhe	Chief Revenue Officer
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	Sajin Mangalathu	Chief Financial Officer, Chief Information Officer & Head – Operations

Versions history

Version	Date	Comments
V1.01	27.10.2023	Revision in Rate of Interest

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Introduction

Hero FinCorp Limited (HFCL) is a Public Limited Company incorporated under Companies Act, 1956 on December 16, 1991 vide CIN: U74899DL1991PLC046774, and registered with the Reserve Bank of India as a Systematically Important Non Deposit Non-Banking Finance Company (NBFC-ND-SI) on September 01, 2011.

This interest rate policy is adapted pursuant to the directions of **Reserve Bank of India** ("RBI") vide its **Notification No. DNBS. 204/ CGM(ASR) - 2009 dated January 02, 2009, and DNBS.CC.**

HFCL ensures fair practice and transparency to its customers and accordingly this interest rate policy is also published on company's website.

Approach for Gradation of Risks

Each client represents a different risk profile based on the promoter profile, experience, credit and default risk in the respective business segment, CIBIL scores, repayment track record of the borrower with lenders, group strength, nature and value of primary and collateral security, etc.

A cost premium/discount is attached to overall interest rate on the loan for the client based upon the gradation of risks.

Interest Rate Model

HFCL shall be pricing the loans to the client / borrower keeping in view the RBI Guidelines relating to regulation of excessive interest charged by NBFCs. The rates of interest is decided based on the following factor –

- 1. Cost of Funds** – The Asset Liability Management (ALM) Committee plays a critical role in managing the short and long term cost of the funds & asset and liability balance for the company. ALM committee gives guidance on cost of funds for respective tenor and range of interest rates for the loan.
- 2. Tenor of Facility** – Tenor of the facility is also a key factor in deciding on the interest rate for the borrower since short & long term funds have different cost associated to them.
- 3. Perceived Industry Risk** – There are perceived industry risk, accordingly, risk premium/discount is assigned to the interest rate which is offered to the client after factoring the industry risk.
- 4. Security** - Client offers variety of securities for the loan which include exclusive charge or paripassu charge on current assets, movable fixed assets, fixed assets, property etc. This parameter is also critical while assigning the risk premium/discount to the pricing.

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- 5. Loan Ratings** – External rating of the company from the Rating Agencies like CRISIL, CARE, India Ratings, SMERA etc. also helps in assigning the risk weightage to the client profile and thereby arriving at the interest rate for the client.
- 6. Profile of Customer** – Customer profile which includes their experience, education, market reputation, business profile, financial profile, business model, etc. is an important factor in deriving the interest for the loans.
- 7. Annualised Rate** - The rate of interest is annualised rates so that the borrower is aware of the exact rates that will be charged to the account.
- 8. Sanction Letter** - The customer is given a copy of sanction letter which has all loan conditions for transparency. The sanction letter clearly defines the rate of interest, penal rate of interest in case of delays etc.
- 9. Ceiling on Interest Loans** – HFCL follows ceiling of interest rates not exceeding 40% p.a. and processing charges not exceeding 5% . which will be reviewed quarterly and will be published on company's website if there is any change.
- 10. Rate of Interest** – Hero FinCorp offers its products as per the interest rate range given in the table below:

#	Product	Min ROI	Max ROI
1	Two-wheeler loan (TWL)	15%	32%
2	Electric Two-wheeler loan (ETW)	13%	30%
3	Used Two-Wheeler (UTW)	15%	40%
4	Harley	12%	26%
5	Used Car Loan (UCL)	13.50%	22%
6	Personal Loan (through LSP)	0%	40%
7	Loyalty Personal Loan (LPL)	15%	40%
8	Personal Loan -Hero App (HIPL)	25%	25%
9	Open-Market Personal Loan (OMPL)	11%	35%
10	Unsecured Business Loan (UBL)	14%	30%
11	Supply Chain Finance	9%	16%
12	Loan against property (LAP)	11%	17%
13	Inventory Funding (INF)	0%	24%
14	Corporate and Institutional Finance (C& IF)	8.50%	18%
15	Construction Finance (CF)	-	Upto 18%

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The information related to rates of interest and approach for risk gradation shall be updated on the Company’s website (www.HeroFinCorp.com), whenever there is any change in the rate of interest policy.
