

Approach for gradations of risk and Rationale for charging Rate of Interest

The interest rates and other charges applicable to loans are determined based on a comprehensive assessment of various risk factors associated with the borrower. The gradation of risk enables our Company to differentiate customers across different risk spectrums and apply an appropriate risk premium. The key factors considered in this assessment of risk include:

- i. **Creditworthiness of the Borrower:** This includes the borrower's credit history, credit score, and repayment track record.
- ii. **Nature and Value of Collateral:** The type and value of the collateral provided by the borrower, if any, are evaluated such as Volvo Trucks & Buses, Volvo Construction Equipment and Eicher Trucks.
- iii. **Loan Tenure:** The duration of the loan impacts the risk assessment, with longer tenures generally carrying higher risk.
- iv. **Customer Profile:** This encompasses the borrower's employment stability, income level, and overall financial stability.
- v. **Market Conditions:** Prevailing economic conditions and market trends are also taken into account.

The Lending Rates will differ based on the credit worthiness of the customer, tenure of financing, economic life of asset being financed etc.