



Trusted Partners in Progress

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### Interest Rate Policy

Reserve Bank of India vide its notification No. DNBS. 204 / CGM (ASR)-2009 dated January 2, 2009 and vide its Guidelines on FPC for NBFCs DNBS.CC. PD. No.320/03.10.01/2012-13 dated February 18, 2013 have directed all NBFCs to make available the rates of interest and the approach for gradation of risks on the website of the NBFCs.

**Vishawas Finvest** deals in multiple product offerings coupled with various assessment methods and accepts various types of collaterals it is proposed to roll out a standard risk-based pricing grid. The overall pricing has been arrived at basis:

#### 1 Interest Rate Model

The business model of Vishawas Finvest focuses on providing credit to customers meeting the credit appraisal norms for varying tenors. Interest rate offered to the customers may be on fixed or floating rate basis. The interest rate applicable to each loan account, within the applicable range is assessed on a case specific basis, based on evaluation of various factors detailed below:

- a. **Tenor of the Loan & Payment Terms:** The aspects like the tenure of the loan, terms of payment of interest, terms of repayment of principal, moratorium period etc. are taken into account.
- b. **Cost of borrowing:** The prevailing cost of borrowing applicable for the company to achieve a complete matching of assets and liabilities. The company's borrowings are expected to be a mix of fixed rate as well as floating rate borrowings while all its loans to clients are expected to be on fixed rates. The pricing factors in the risk associated with this.
- c. **Portfolio Risk:** The portfolio risk is factored based on the type and inherent nature of loans that the company gives, the risk profile associated with this client segment, tenure of relationship with the client, past experience including repayment track record and overall management's assessment.
- d. **Cost of operations:** The cost of operations includes manpower cost, infrastructure cost and other administrative costs. Most of these costs are fixed costs and are committed based on budgeted volume of operations. Since these costs come down with increasing volumes and efficiencies, the pricing factors the estimated cost over a reasonable period. Also, other factors such as the complexity of the transaction, capital risk weightage, the size of the transaction, location of the borrower and other factors that affect the costs associated with a particular transaction would be taken into account before arriving at the final interest rate quoted to a customer. As a philosophy, the company will charge clients fixed assuming a steady state

operation. Thus, the high operating cost in the initial stages of start-up and cost of growth would be borne by the shareholders, till the company attains size and scale.

- e. **Profit Margin:** The profit margin is fixed based on the reasonable return expected by the shareholders and the risks involved. The profit margin is arrived at keeping in mind the need to attract fresh capital to sustain growth and benchmarked with comparable companies.
- f. **Prevailing market practices:** The fees and other charges applicable will depend on the market practices and the cost of providing such services
- g. **Communication to the customer:** The Company intimates the borrower regarding the loan amount, annualized rate of interest, insurance premium, processing fees, penal interest for delayed payment, cheque bounce charges and other charges if any, tenor of the loan and repayment schedule including instalment amount at the time of sanction/disbursement of the loan. The details of penal interest charges will be mentioned in bold in the loan agreement and sanction letter. Intimation of change of interest or other charges would be communicated to customers in a manner deemed fit, as per terms of the loan documents.

In case of staggered disbursements, the rate of interest would be subjected to review and the same may vary according to the prevailing rate at the time of disbursement or as may be decided by the Company.

Besides interest, other financial charges like processing charges, cheque bouncing charges, pre-payment charges, commitment fees, charges on various other services like issuing no due certificates, no objection certificate, letters ceding charge on assets/ security etc. would be levied by Vishawas Finvest wherever considered necessary. In addition, the Goods and Services Tax and other taxes, levies or cess would be collected at applicable rates from time to time.

Claims for refund or waiver of charges/ penal interest/additional interest would normally not be entertained by Vishawas Finvest. It is the sole and absolute discretion of Vishawas Finvest to deal with such requests, if any. The CEO of the company is delegated to take exception in this regard if necessary.

## 2 Approach for Gradation of Risk

The risk premium attached with a customer shall be assessed inter-alia based on the following factors:

- a. Business risk, industry risk, market position, market reputation, vintage of the business, competition
- b. Size and nature of the business, geographic location of the borrower
- c. Inherent nature of the product, type / nature of facility, refinance avenues, whether loan is eligible for bank financing, loan to value of asset financed

- d. Customer profile, overall customer yield, future potential, repayment capacity based on cash flows and other financial commitments of the borrower, mode of payment and historical performance of our similar clients
- e. Nature and value of primary and secondary collateral / security and the loan to value
- f. Type of asset being financed, end use of the loan represented by the underlying asset
- g. Default risk in the business segment
- h. In case of renewal, tenure of relationship with the borrower and the past repayment track record,
- i. Regulatory stipulations, if applicable,
- j. and any other factors that may be relevant in a case.

### 3 Pricing Grid

In lines with regulatory requirements and the approach mentioned above to determine the pricing of loans, the floor pricing of the loans are being proposed basis the risk category of the customer as below. This policy will be applicable with immediate effect and any changes to this policy can be done at ALCO committee including releasing of product wise, state wise and distribution channel wise pricing grid wise going forward and annual review of board. At present the annualized rate of Interest to be charged to customers, at the time of sanctioning loans, shall be in the range as mentioned below

Parameters	Secured Lending	Unsecured Lending
Loan Amount	Upto 10 Lakhs	Upto 3 Lakhs
Tenor	Upto 5 to 7 Years	Upto 2 Years
Range of Interest Rate (Fixed Rate)	22%-28%	24%-30%
Up ROI Upper Cap	28%	30%
Processing Fees	Up to 3%	Up to 3%

***In exceptional circumstances, based on risk perception, the may fall outside the indicated range and same has been delegated with CEO of the company.***

### 4 Review / Modifications

This policy shall be reviewed on a periodic basis as and when statutory requirements or management decision and depending on requirements, the reviews may be done at shorter intervals. Any changes in the policy except as required by legal and regulatory changes shall be made with the approval of the Board/ Risk Management Committee.