SAHAYYA FINSERVE

Interest Rate Policy

Contents

1.Background

As per Reserve Bank of India guidelines, Board of each NBFC shall approve an Interest rate model for the Company, taking in to account relevant factors such as cost of funds, margin and risk premium etc and determine the rate of interest to be charged for loans and advances. Further, the directives states that the rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different category of borrowers should be communicated to the borrowers / customers in the sanction letters to them.

2. Objective of the policy

To arrive at the benchmark rates to be used for different types of customer segments and to decide on the principles and approach of charging spreads to arrive at final rates charged from customers.

3. Review of Policy

The Policy shall be reviewed once a year or in between if required due to changes required in the model, for example any addition/deletion of a particular component forming part of benchmark calculation.

4. Interest rate Model

SFPL lends money to its customers through Fixed and Floating rate loans. SFPL being a diversified NBFC lends money through various products to cater to needs of different category of customers. Few broad categories of customer segments are as follows.

- Consumer (Secured Loans)
- Mortgage (Individual salaried, Individual self-employed, SMEs)
- Business Loans
- Rural customers (Salaried / Sel-Employed & SME)

For Floating rate Loans, Sahayya Finserve employs a Floating Reference Rate (Sahayya FRR) to price it's mortgage customers and for business floating rate loans.

Sahayya FRR is calculated based on various factors such as the Cost of Funds of the company, fund raising cost, Liqudity/risk premium, carry on investments, opex ratio, ROA, competition benchmarking, etc,
Any changes to the FRR is reviewed in the Asset Liability Committee meeting and published on the website of the Company.

Fixed rate loans are not linked to benchmark but are decided based on their Cost of Funds, , Operational expenditure, Business related risks and desired ROE/ROA.

5. Principles and procedures for charging spreads to calculate final rate

The rate of interest for loans for various business segments and various schemes thereunder is arrived after adjusting for spread by the relevant business segment. Factors taken into account by businesses for calculating spreads are as follows:

- Credit and default risk in the related business segment
- Profile of the borrower
- Competition and Market Penetration
- Repayment track record of the borrower
- Nature and value of collateral security
- Ticket size of loan
- Bureau Score

- Tenure of Loan
- Location delinquency and collection performance
- Customer Indebtedness

The rate of interest for the same product and tenor availed during same period by different customers need not be standardized. It could vary for different customers depending upon consideration of any or combination of above factors.

6. Other Charges

Besides interest, other financial charges like processing fees, origination fees, cheque bouncing charges, late payment charges, reschedulement charges, pre-payment / foreclosure charges, part disbursement charges, cheque swap charges, security swap charges, charges for issue of statement account etc., would be levied by the company wherever considered necessary. Besides these charges, stamp duty, service tax and other cess would be collected at applicable rates from time to time. Any revision in these charges would be from prospective effect.