

Interest Rate Policy

Preamble

The interest rate policy adopted by Vivriti Capital Private Limited is considering directions of Reserve Bank of India (RBI) vide its Notification No. DNBS. 204 / CGM (ASR)-2009 dated 2 January 2009 and vide its Guidelines on Fair Practices Code for NBFCs amended from time to time (RBI Regulations). Company ensures fair practice and transparency to its customers therefore interest rates and the approach for risk premium are made available on web-site of the companies.

Interest Rate Model

The interest rate for credit facilities extended by Vivriti Capital is driven by the benchmark rate of Vivriti Capital plus the risk premium associated with the borrower / facility.

Interest rate to the borrower = Benchmark Rate + Risk premium

Benchmark Rate

Vivriti Capital's benchmark rate (VBR) for onward lending is based on Marginal Cost of Lending Rate (MCLR) concept a function of the following factors:

- Cost of Capital and Cost of Equity as well as Vivriti Capital's Capital Structure
- Operating costs
- Tenor Premium
- Negative carry involved in maintaining liquidity

Risk Premium

The risk premium applicable to the borrower / facility is based on the following factors:

- **Industry risk**
 - o Asset quality, profitability, earning and funding volatility, competition, regulatory impact etc of the borrower's industry
- **Business Risk**
 - o Asset quality, market position, resource profile etc of the borrower
- **Management Risk**
 - o Corporate governance, integrity and competence of the promoters, track record of the management team, composition of the board etc.
- **Financial Risk**
 - o Capital Structure, Profitability, Liquidity etc of the borrower
- **Product Premium**
 - o Depends on nature and risk associate with the product
- **Strength of the security/ collateral**

The range of Risk Premium will normally remain within range of 0%-10%, depending upon the above factors.

Index

Vivriti Capital may choose to extend fixed rate or floating rate loans to its borrowers.

If a floating rate loan is provided, the interest rate for floating loans will be represented as Index + margin with annual / semi-annual / quarterly resets of the Index.

The Index is a benchmark of Company's floating interest rate liabilities used to pass on any market interest rate movement to the assets of the Company. The Index will be published on the Company's website.

Applicability

The VBR based pricing framework is applicable on all credit facilities provided by the Company, including term loans, working capital loans, NCDs, PTCs, retail loans, as well as short term loans against receivables and inventory.

Normally, facilities in the nature of NCDs, PTCs, retail loans and short-term loans against receivables / inventory are fixed rate in nature.

Term loans provided to enterprise borrowers of the Company may be floating rate in nature. In such cases, the interest rate will be linked to the Index and a uniform margin over the Index will be applied over the tenure of the facility (subject to credit and legal conditions applicable to the facility).

Interest Rate Communication

- Facility details, amount sanctioned, annualised interest rate, tenure of the loan, additional interest or any additional charges will be shared in the sanction/facility letter
- Vivriti Capital may levy additional charges for default/ delay in interest payment. Default interest rates will be clearly communicated in the sanction letter
- Apart from these, there could be processing fees as well as documentation charges as well for a facility.
- The applicable Index will be provided on Vivriti Capital's website

Points to note

- Interest rates offered could be on fixed rate basis or floating rate basis.
- The rate of interest for the same product and tenor availed during same period by different customers need not be standardized.
- The final lending rate applicable to each customer will be assessed based on various risk factors. In exceptional circumstances, based on risk perception, interest rates may fall outside the range indicated above.