

## **Nivedita Mercantile and Financing Limited**

### **Interest Rate Policy and Gradation of Risks**

#### **Preface**

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 NBS.CC.PD.No.266/03.10.01/2011-12 dated March 26, 2012 have directed all NBFCs to

- Communicate the annualised rate of interest to the borrower along with the approach for gradation of risk and rationale for charging different rates of interest to different categories of borrowers.
- Make available the rates of interest and the approach for gradation of risks on the website of the companies.

#### **Rate of Interest and Approach for Gradation of Risk**

In order to ensure the same and the Company's Standards of Transparency, Nivedita Mercantile and Financing Limited ("the Company") has adopted the following interest rate policy.

- The Company shall calculate the rate of interest after taking into account relevant factors such as cost of funds, margin, risk premium, other costs such as administrative expenses and profit margin. The rate of interest shall be reviewed periodically.
- The interest rate applicable to each loan account shall be assessed based on multiple parameters like loan tenure, borrower's profile, borrowers Financial statements, management reputation of borrower, market intelligence about borrower, borrower's repayment capacity based on the expected cash flows, type of collateral security provided by the borrower, past repayment track record of the borrower, if any.
- The Company shall disclose to the borrower or customer the rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers in the application form and communicate the same explicitly in the transaction documents.

- The Company shall intimate the borrower, the loan amount; annualize rate of interest and method of application at the time of sanction of the loan alongwith the tenure and amount of monthly/quarterly installment.
- The other charges such as processing fees, additional interest charged on delayed payments and cheque bouncing charges are mentioned in the Loan Agreement.
- The rates of interest applicable to each loan account is subject to change as the situation warrants and is subject to the discretion of the management on a case to case basis.