

**WEST END INVESTMENT & FINANCE
CONSULTANCY PRIVATE LIMITED
(WEIFCPL)**

INTEREST RATE MODEL AND GRADATION OF RISK

Approval date: 21st May, 2018

PREAMBLE:

Reserve Bank of India vide its notification No DNBS. 204/CGM (ASR) – 2009 dated January 2nd 2009 and vide its guidelines on FPC for NBFCs DNBS. CC.PD. No 266/03.10.01/2011-12 dated 26th March 2012 have directed all NBFCs to communicate the annualized rate of Interest to the borrower along with the approach of gradation of risk and rationale for charging different rate of interest to different categories of borrowers. Keeping in view the RBI's guidelines as cited above and the good governance practices, West End Investment and Finance Consultancy Private Limited ("WEIFCPL") has adopted the following internal guidelines, policies, procedures and interest rate model, for its Lending. This needs to be taken into cognizance of while determining interest rate and other charges, and changes thereto.

INTEREST RATE MODEL:

- The interest rate will be benchmarked to the bank rate and spreads shall be determined on case – to – case basis.
- This is an annualized rate so that the borrower is aware of the exact rate that would be charged to the account.
- The processing fee, if any, shall be determined on the basis of quantum of work involved in credit appraisal, volume of documentation and other expenses involved in the transaction.
- The rate of interest is subject to change as the situation warrants due to market compulsions and change in regulatory norms and is subject to the discretion of the management on a case-to-case basis.
- The rate of interest shall be fixed on the basis of the risk gradation of the client and shall be charged on per annum basis.

APPROACH FOR GRADATION OF RISK:

- The risk premium will be decided on a case-to-case basis as decided by WEIFCPL.
- The approach for gradation of risk is based on factors such as nature of loan, credit worthiness of the borrower, nature of security, nature of the Product, type of asset being financed, borrower profile, repayment capacity, borrower's other financial commitments, past repayment, tenure of the loan, geography (location) of the borrower, end use of the loan as represented by the underlying asset etc. Such information is collated based on the borrowers input, credit bureau and field inspection by the Company officials.

The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter. The rates of interest and the approach for gradation of risks shall also be made available on the web-site of WEIFCPL.