mantra CAPITAL

Savani Financials Limited

INTEREST RATE POLICY

Introduction

Savani Financials Limited (the ''Company'') is registered with the Reserve Bank of India as a Systemically Important, Non-Deposit taking, Non-Banking Finance Company. It is listed on BSE Limited and is governed by the regulations of SEBI Listing Obligations and Disclosure Requirements) Regulations and the Companies Act, 2013. As per the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, (the ''Directions'') the Company has been classified as a NBFC - Base Layer.

As per the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time, a NBFC - Base Layer shall lay out appropriate internal principles and procedures in determining interest rate, processing and other charges and also implement the same. In this regard, the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view.

In order to comply with the RBI regulations and the Fair Practice Code adopted by the Company, the Company has adopted this Interest Rate Policy broadly outlining the Interest Rate Model and Company's approach of risk gradation in this regard for its lending business.

Objective of Policy

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

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

Any revision in the Company's interest rate and the consequential interest rates applicable to business would be reviewed and approved by the CEO or CFO.

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/deletation of a particular component forming part of benchmark calculation.

Business can have their internal pricing policies under the overall framework of board approved interest rate policy for company deciding the spread to arrival at final rate. Any changes to business level internal pricing policies (if any) would need to be approved by any following people:

i. Board of Directors
ii. CEO of Company.
iii. CFO of the company.

Reference Rate

Savani Financials Limited has a model for arriving at interest rates taking into consideration among other things as cost of funds, overheads and other administrative costs which is further adjusted for ALM mismatch.

The rate of interest for loans for various business segments and various schemes thereunder is arrived after taking into account the below factors for the business segment.

i. Credit and default risk in the related business segment
ii. Historical performance of similar homogeneous clients
Profile of the borrower
iii. Industry segment
iv. Repayment track record of the borrower
v. Nature and value of collateral security

vi. Loan with collateral security vs without collateral security
vii. Ticket size of loan
viii. Bureau Score
ix. Tenure of Loan
x. Location delinquency and collection performance
xi. Customer Indebtedness (other existing loans)
xii. Pricing offered by competition and other relevant factors

Pricing is essentially a function of risk, tenor and prevailing market trend.

The Company intimates the borrower, the loan amount and rate of interest at the time of sanction of the loan along with the tenure and amount of the instalment.

The pricing for each of the product is arrived at by taking into consideration cost of funds, risk premium, other operating costs, margin, credit losses and pre-tax ROA.

Sr. No	Factor	Description
1.	**Cost of Funds**	i. The Company raises funds from its lenders with both end use specified and/or unspecified which is against pool of receivables. ii. The cost of fund varies for different products offered by the company depending on nature of product, tenor, repayment frequency, priority lending benefits etc. iii. Company also needs to put some equity portion to run the business and the cost of such equity is taken into consideration. iv. The Company also keeps some liquidity buffer in the form of investments into liquid funds to manage liquidity risk and has to bear negative carryon on those investments too.

2.	**Operating Cost**	Retail products offered by the Company are sourced by in house teams/Sourcing partners and collections are also undertaken through its own teams/collection agents. Accordingly, the Company operates through a large number of employees on its rolls as well collection agents which substantially increases the operating costs.
3.	**Margins**	The Company operates through its network of branches located in 4+ states and mostly through its own employees/sourcing partners/collection agents. The Company has invested widely in technology in order to improve loan servicing to its customers. The teams are ably supported by technology and analytics for sourcing of business. The margins are hence calculated accordingly.
4.	**Risk Premium**	The company has been operating consistently at par with industry levels of collections through investments in on-ground collection team and supported by technology and analytics. However, some of the products may be prone to certain event risks such as floods, earth quake, macro economic factors etc. Premium for such event risk gets included in the pricing of each product.
5.	**Pre-tax ROA**	Base Return on assets is the minimum return expected by the companyon its assets.

***Note:**

1. The interest rate range is an indicative and the final rate is arrived basis the gradation of risk. Indicative interest rate as communicated above are subject to change at any point of time, subject to the sole discretion of the Company.

2. The pricing would inter-alia be based on due negotiation (where applicable) with the client and/or credit assessment parameters being followed by the Company.

Besides interest, other financial charges like processing fees, origination fees, cheque bouncing charges, late payment charges, repayment – reschedule charges, pre-payment / foreclosure charges, part disbursement charges, cheque swap charges, security swap charges, charges for issue of statement account, cash handling Charges, RTGS/other remittance charges, No Dues Certificate Charges, NOC Charges, etc., would be levied by the company wherever considered necessary. Besides these charges, stamp duty, Goods and Services Tax and other taxes, levies or cess would be collected at applicable rates from time to time. Any revision in these charges would be from prospective effect. These charges would be decided upon by respective Business heads in consultation with CEO.

Claims for refund or waiver of Charges/penal interest/ additional interest would normally not be entertained by the Company. It is sole and absolute discretion of the Company to deal with the such requests, if any.

Disclosures

As per the extant regulations the following disclosures shall be made to the borrower:

a. There shall be appropriate disclosure of 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 communicated in the sanction letter.
b. The APR shall be disclosed to the customers.
c. Any change in the interest rate or other charges shall be made prospectively and the same shall be adequately disclosed in the loan agreement.
d. The rate of Interest for various class of assets as revised from time to time shall also be displayed on Company's website
e. Changes in the rates and charges for exiting customers would also be communicated to them through either of mail, letter, SMS
f. Approach for gradation of risk has been elaborated in our Fair Practice Code Policy.