

Approach to Gradation of Risk

The company caters to different categories of borrowers and offers multiple products. The rate of interest for loans for various business segments and various schemes thereunder arrived after adjusting for risk premium. The company has defined credit screens for different product wherein the company is targeting specific profiles of the borrowers. The company has further classified the borrower within different categories. The credit team of the company will be responsible for assessing the case based on the overall assessment of the borrower and will categorize the customer based on the risk. The Company will categorize the customer in different risk grades based on the product policy such as:

- a. Low Risk (A): Customers with a strong credit history, financial strength and profile etc.
- b. Medium Risk (B): Customers with moderate financial strength, profile or limited credit history etc.
- c. High Risk (C): Customers with weak credit profiles, financial strength or credit history etc.

The risk gradation will consider the following parameters:

1. Customer attributes such as profile & segment of the customer, tenure of loan, loan amount required and purpose, past repayment track record, market reputation, land / property ownership and geography of the customer.
2. Viability of the customer based on nature of income source, certainty of cash flows, experience and inherent credit and default risk.
3. Security attributes such as type of security, location of security, loan to value, realizable value and legal cost. the company will assess the above factors on a case-to-case basis and depend upon consideration of any or combination of a few or all factors listed above the company will grade the customer.