Vaya
POWERING ASPIRATIONS

Microfinance Pricing Framework

Vaya has adopted a pricing policy which is compliant with the regulatory directions applicable to them. Pricing policy includes a detailed pricing framework to include factors like cost of funds, operational expenditure, risk premium, nature and vintage of customers etc and a detailed methodology is followed for all loan products. Board has the authority and oversight of the Pricing policy including any changes in the underlying framework.

Interest rate computation:

Interest rate shall be framed after considering the following parameters.

1. **Prime lending rate:** The following costs indicators to arrive at the reference lending rate for the products:

S. No	Indicator	Explanation
1	**Cost of Funds**	**A + B + C**
	A. Borrowing	The Company considers the weighted average cost of borrowing.
	B. Equity	Cost of Equity is calculated using the CAPM methodology.
	C. Fundraising	All costs related to fundraising.
2	**Operational**	Costs related to operations, employees, infrastructure, technology etc.
3	**Expected Credit Cost**	This is to be based on the historical credit loss over long-term period.
4	**Desired Net Surplus**	Net surplus/Operating Margin is the Total operating revenue less all expenses related to the MFI’s core financial service operations.
	Prime lending rate	**Sum of 1 to 4**

2. **Risk premium:** Risk premium shall be determined by the following:

   a) Product/customer segment and market dynamics
   b) Individual risk profile of the customer

Interest rate:

Based on the abovementioned computation, the Board of Directors have approved following interest rate on Microfinance loans with effect from 1st May, 2022. The rates are subject to review of Board and shall be applicable prospectively.

- Interest Rate = 25%
- Loan Processing fee = 1 % + GST