

## **Gradation of Risks**

VFS India grants credit facilities only to those customers who have both the intention and the ability to discharge their obligations. To execute smooth underwriting process the Company carries out different processes as per Know Your Customer guidelines and allocates credit grade for each customer. When assessing credit transactions, the Company focuses on critical principles like history of the Company or Borrower, Financial Leverage, Liquidity and Sources of Cash, Profitability of Operations and Collateral being provided . The determination of a customer's credit grading is generally distinguished by the asset type and its use and is mostly based on four general categories, Character, Capacity, Capital and Collateral. The individual assessment criteria for the customer credit grading can be classified into each of these categories. All credit submissions will be classified into four categories: "A" – Excellent, "B" – Superior, "C" – Acceptable and "D" – Marginal.