

Interest Rate Policy

Introduction

This interest rate policy provides the guidelines regarding the pricing for loans given by Infinity Fincorp Solution Private Limited as well as our communication policies with borrowers through the application form, sanction letter and our loan agreements and security documents.

This Interest Rate Policy is following the requirement of RBI to have a documented policy for interest rates being charged on loans disbursed by the company and ensures coverage under the Fair Practices Code circular issued by RBI.

Interest Rate Considerations

IFSPL has an established credit approval process as detailed in our Credit Policy. Interest rates are individually considered on a case to case basis based upon our evaluation of various factors, including, but not limited to:

- Risk profile of the borrower: as determined by our credit assessment, specifically the borrower's ability to generate project cash flow, the availability of collateral, the use of proceeds, the type of loan, previous track record, and other factors which may be borrower specific. These factors will result in a credit premium.
- Cost of funds: The interest rate to any borrower includes IFSPL's weighted average cost of funds which is in turn a function of the Company shareholders' expected return on equity and the market rate of debt, if any.
- Loan Tenor: A borrower's interest rate will also depend on the term of the loan; loan structure, grace period, interest and principal amortization schedule, etc
- Market conditions: Other factors which might impact the interest rate are existing and anticipated changes in capital requirements and other regulatory changes, the existence of a secondary market and general market liquidity, the change in market interest rates, the credit markets and trends with respect to credit and cyclical conditions, etc.
- Internal cost factors: The interest rate charged will also consider IFSPL's costs of doing business including the amount of time required to analyse and complete the transaction, its complexity, size and the overall exposure of the IFSPL to the borrower, etc.

Rate of Interest

- Interest rates offered by IFSPL could be on fixed rate basis or floating rate basis. IFSPL lends money through following products to cater needs of different category of customers i.e. Pledge Commodity Financing, Loan Against Property, Secured working capital loans. IFSPL floating rate of return shall mean the sum of spread and IFSPL FRR applied by the lender to the financial assistance granted by lender to the borrower, as may be decided by lender from time to time.

- IFSPL FRR is calculated as per below table

Description	Percentage
SBI 3Y MCLR (A)	xx%
Spread (B)	xx%
Estimated cost of LT borrowing(C=A+B)	xx%
Operating expenditure (D)	xx%
Provisions & Expected Losses (E')	xx%
IFSPL FRR (C+D+E)	xx%

- Fixed rate loans are decided based on their Cost of funds by Lenders, Operational expenditure, Business related risks and desired ROE/ROA.
- The rate of interest for the same product and tenor availed during same period by different customers need not be standardized. The final lending rate applicable to each customer will be assessed based on various factors as detailed in this Policy. The interest structuring for each loan will vary
- Penal charges if any may be separately charged on case specific basis.
- There can be additional basis of returns on case to case basis.
- Annualized Interest rates can be split into differential yield during the tenure of loan (e.g. step up/ step downs) or linked to performance milestones.

Disclosures & Procedural Aspects

Each loan transaction is a negotiated deal supported by customary loan and security documentation. The rate of interest and total liability is disclosed and communicated explicitly to the borrower and documented to allow the borrower to make an informed decision.

IFSPL's loan documentation details:

- The amount of the loan along with the terms and conditions including annualized rate of interest.
- Details of the default interest / penalty interest rates and other fees and charges payable by the borrower.
- Terms and conditions governing the loan are conveyed to the customer in writing and changes to the loan are document either by amendment to the documentation or as an addendum. All documented changes are accompanied by a communication to the borrower with a request to confirm acknowledgement of receipt. IFSPL also utilizes electronic media to accelerate the timeframe to advise clients of material changes to the loan followed by a mailed document. All communication with and received from the borrower is maintained in credit files at IFSPL's offices.
- This Interest Rate Policy or its applicable standards shall be displayed on the Company's website in compliance with the directions of the RBI.