

FEDEX FINANCE PRIVATE LIMITED

Interest Rate Policy

Fedex Finance Private Limited

CIN: U65923MH1998PTC114960

Registered Address:

B-7, Jay Chambers, 3rd Floor
Dayaldas Road, Vile Parle (East)
Mumbai – 400057
Maharashtra

Email: fedex@fedsec.in

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Interest Rate Policy

Fedex Finance Private Limited, a non-deposit taking non-systemically important Non-Banking Financial Company (NBFC) licensed by the Reserve Bank of India (RBI) bearing registration No. 13.00930.

PREAMBLE

The Reserve Bank of India ("RBI") has issued the Master Circular – Fair Practices Code dated July 1, 2015 bearing reference number DNBS (PD) CC.No.054/03.10.119/2015-16 ("Master Circular"), which details guidelines on fair practices code to be adopted by all non-banking financial companies ("NBFCs") while doing lending business, which also includes provisions in relation to charging of interest rates by NBFCs.

The Master Circular requires all NBFCs to lay out appropriate internal principles and procedures in determining interest rates and processing and other charges (with the approval of the board of directors of the NBFC), which contains the guidelines outlined in the Master Circular and the Master Direction.

Accordingly, Fedex Finance Private Limited (the "Company") has put in place this interest rate policy ("Interest Rate Policy") to be followed by the Company in determining interest rates and processing and other charges in relation to its lending business.

ESTABLISHING AN INTEREST RATE

The rate of interest to be charged for loans and advances will be in the range of 8% to 15% p.a., exceptions to be reported to the Board of Directors of the Company

The rate of interest shall be arrived at after taking into account relevant factors, such as cost of funds, margin and risk premium, including the following;

- Tenor of the Loan: The rate of interest charged will depend on the term of the loan;
- Internal and External Costs of Funds - The rate of interest charged will also be determined depending on the rate at which funds necessary to provide loan facilities to customers are sourced by the Company, normally referred to as internal cost of funds. From an external cost of funds perspective, the benchmark interest rate that may be used by the Company could be the Marginal Cost of Lending Rate of the leading Scheduled Commercial Bank.
- Internal Cost Loading - The interest rate charged will also take into account costs of doing business. Factors such as the complexity of the transaction, the size of the transaction and other factors that affect the costs associated with a particular transaction will also be taken into account before arriving at the final rate of interest quoted to a customer.
- Fixed Rate - The applicable rate of interest would be fixed (including IRR based lending).
- Periodicity of interest - Interest will be charged for the period as stipulated in the loan agreement, subject to any modifications thereto as may be agreed by and between the Company and the customer, in writing.

GENERAL

The following provisions shall apply to loans extended by the Company:

- **Changes in Terms** – The Company shall give notice to the borrower in English language with an option to choose a vernacular language as understood by the borrower of any change in the terms and conditions of the loan, including disbursement schedule, interest rates, service charges, prepayment charges etc. Further, any changes in the rate of interest shall be effected only prospectively and the loan agreement shall contain the necessary provisions in this regard. The same may be communicated through electronic media or any other form of communication by the Company.
- **No Grace Period** - Interest will be payable by the customer/borrower on or before the due date stipulated therefor in the loan agreement entered into by the customer/borrower with the Company. No grace period will be allowed to the customer/borrower for payment of interest, unless the loan agreement expressly provides for the same.
- **Moratorium** - The Company may consider necessary moratorium for payment of interest and repayment of principal amount with proper built-in pricing, on a case-to- case basis.
- **Additional Interest and other Charges** - Besides the normal interest, the Company may levy additional interest in the form of penal charges for any delay or default in payment of dues by the customer/borrower.
- **Communication of Interest Rate to the Customer**- The Company shall convey in writing to the borrower in English language with an option to choose a vernacular language as understood by the borrower, by means of a sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and shall keep on record the acceptance of these terms and conditions by the borrower. The loan agreement/offer letter shall expressly stipulate the penal charges chargeable for late payment / repayment of dues by the borrower. The apportionment of the equated monthly installments ("EMI") amount towards the principal and interest will also be communicated by the Company to the customer/borrower by way of the repayment schedule, wherever applicable.
- **Annualised Rates** - The rate of interest shall be annualised rates so that the borrower is aware of the exact rates that would be charged to the account.
- **Pre-Payment**- Pre-payment options available to the customer and the penalty payable for exercise of such option shall be mutually agreed to on a case- to- case basis and communicated to the customer.
- Whenever reminders for non-compliance of material terms and conditions of loan are sent to Borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal/default charges and the reason thereof shall also be communicated.
- Considering the nature of business of Borrowers and the credit profile, material non-compliances for which penal/default charges may be stipulated in financing documents and may vary from case to case basis.

POLICY FOR ON DEMAND / CALL LOANS

On demand/call loans may be extended by the Company solely in accordance with the following policy for extension of on demand/call loans:

- The cut-off date within which the repayment of demand or call loan shall be demanded or called up shall be the date of the demand or upto 1 year from date of disbursement whichever is earlier along with costs, fees, charges, levies, expenses, claims by the Company and outstanding amount along with the interest thereon.
- The Board sanctioning such loan shall, record specific reasons in writing at the time of sanctioning demand or call loan, if the cut-off date for demanding or calling up such loan is stipulated beyond a period of one year from the date of sanction.
- The rate of interest which shall be payable on such loans shall be 8% to 15% p.a.
- Interest on such loans, as stipulated shall be payable either at monthly or quarterly rests;

- The Board sanctioning such loans shall, record specific reasons in writing at the time of sanctioning demand or call loan, if no interest is stipulated or a moratorium is granted for any period.
- The cut-off date, for review of performance of the loan shall be Quarterly; and
- No demand or call loans shall be renewed unless the periodical review has shown satisfactory compliance with the terms of sanction.

COMPANY WEBSITE

This Interest Rate Policy, including the rate of interest and approach for gradation of risk, shall be made available on the Company's website, or in the alternate, published in the relevant newspapers. Such information published on the Company's website or otherwise published shall be updated whenever there is a change in the rates of interest.

AMENDMENTS TO THE INTEREST RATE POLICY

- Amendments to this Interest Rate Policy will not be effective unless some amendments have been approved and authorised by the board of directors of the Company.
- The Company shall abide by this Interest Rate Policy following the spirit of the Interest Rate Policy and in the manner, it may be applicable to its business.
