

# FEDEX FINANCE PRIVATE LIMITED

## Loan Pricing Policy

Fedex Finance Private Limited

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# Loan Pricing 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

## **RATIONALE**

This policy lays down the premise for determining pricing for loans that the Company offers to its customers. It

covers all loans offered by the company, including –

- Non-microfinance retail loans
- Other loans as approved by the Board of Fedex Finance

The policy will define the pricing model/approach for arriving an all-inclusive interest rate.

This policy shall be in compliance with extant RBI guidelines and the Company's Fair Practices Code. It will take in consideration the risk appetite of the Company.

## **POLICY COVERAGE**

### **1. Components of Pricing for all Loans**

- **Cost of Funds** – The Company borrows funds through various means such as term loans, debentures etc. The cost of funds shall mean the expected borrowing cost that include all costs & expenses borne by the Company in relation to borrowing or arrangement of debt including interest, upfront fees, legal & other charges, stamping and documentation charges, brokerage/advisory/intermediation charges, liquidity management premium, prepayment or foreclosure charges incurred to replace high-cost debts, penal charges, taxes, etc.
- **Operational Cost** - It pertains to costs related to end-to-end loan cycle, including underwriting & collections, operations, employees, fixed assets & infrastructure, technology, management & administration, sales, marketing & promotions, compliance costs, among other things.
- **Risk Premium** - It covers all the risks which the Company is exposed to, including but not limited to- credit risk, operational risk, systemic risks. The Company will cover its risks through a combination of loss provisions, insurance.
- **Margin** - It covers the expected pre-tax Return on Assets and Net Surplus. Expected ROA is derived from Return on Equity

### **2. Pricing Approval**

Interest rate and other charges shall be approved and reviewed quarterly by the Board and any deviation to the policy terms shall be approved by the Board.

Basis the risk profile and the category of the borrower, company may charge different effective interest rate to the borrower subject to prior approval of the Board as defined in the policy.

**3. Disclosure of Pricing Information**

The Company shall disclose pricing related information to a prospective borrower in a standardised simplified factsheet.

Any change in interest rate or any other charge shall be informed to the borrower well in advance.

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