Together We Make Tomorrow Happen

Srei Infrastructure Finance Limited

Interest Rate Policy

Interest Rate Policy			
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1.0	Asset Liability Management Committee	Board of Directors	18th December, 2024

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I. Preamble

The Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 dated October 19, 2023 as updated from time to time, have directed all the NBFCs to:

- Put in place a Board approved Interest Rate Model taking in to account relevant factors such as cost of funds, margin and risk, premium etc and determine the rate of interest to be charged for loans and advances
- Communicate the rate of interest to the borrower along with the approach for gradation of risk and rationale for charging different rates of interest to different categories of borrowers.
- Make available the rates of interest and the approach for gradation of risks on the website of the companies.

The model used by Srei Infrastructure Finance Limited ('**Srei**' or the '**Company**') determining the Lending Rate for different segment of borrowers/products/geographies and the approach for gradation of risks is given below.

II. Methodology

The Company lends money through various products to cater to the financial requirements of different category of borrowers. The Prime Lending rate of the Company is calculated based on various factors such as the cost of funds, Credit risk premium, administrative and establishment cost, profit margin etc.

The decision to offer a fixed or floating interest rate loan by the Company will inter alia depend on the nature of the product being offered, market conditions, sources & terms of funds, borrower's requirement etc.

The Company shall intimate the borrower, the loan amount and rate of interest at the time of sanction of the loan along with the tenure, amount of the instalment and other details as per the regulation in the Key Fact Statement issued along with the Sanction Letter.

The pricing for each of the products is arrived at by taking into consideration cost of funds, credit risk premium, other operating costs, margin, credit losses and pre-tax Return on Assets (RoA) as follows:

Cost of capital	The Company has equity portion and the opportunity cost of such equity is considered to arrive at the cost of capital
Operating Cost	It includes employee expenses, branch related fixed and variable costs, operations costs, sales and marketing expenses, technology expenses, expenses related to sourcing and recovery, etc.
Credit Risk Premium	Based on risk gradation of the borrower which is detailed in Point III, credit risk premium is computed on a case-to-case basis
Expected ROA	Expected Return on assets which is Net Income divided by the Average total Assets is the minimum return expected by the Company on its assets.

The floating interest rate loans would be linked to transparent benchmarks that broadly reflect cost of funds.

For fixed interest rate transaction, interest rate shall be decided on each case-to-case basis at the time of sanction/disbursement based on prevailing interest rate scenario at the time of sanction/ disbursement in addition to gradation of risk approach as discussed above.

The pricing for each transaction would inter-alia be based on due negotiation with the borrower and subject to approval by the Approving Authority as mentioned in the Credit Policy of the Company.

The Company shall lend to its borrowers on both fixed and/ or floating rates depending on the nature of the product. The Company offers following products:

No.	Product	Annualized rate of interest generally to be charged to our borrower
1	Financing of new and used construction & mining equipment	8% – 24.5% p.a.

Note:

1. The interest rate range is indicative and the final rate is arrived basis the gradation of risk. Indicative interest rates as communicated above are subject to change at any point of time, subject to the sole discretion of the Company.
2. The pricing would inter-alia be based on due negotiation (where applicable) with the borrower and/or credit assessment parameters being followed by the Company.

The range of Interest rates and factors affecting risk gradation will be uploaded on the website of the Company. Borrower will be able to get information on effective rate of interest charged, all fees and charges from the Company's web site. The same will also be prominently displayed in all its offices.

III. Approach for gradation of risk and rationale

The rate of interest for loans for various business segments and various schemes thereunder is arrived after adjusting for spread by the relevant business segment.
The Lending Rate will be different for different categories of borrowers. The lending rate will be arrived by considering the following factors including but not limited to :

- Borrower Attributes: Credit profile of the borrower including but not limited to borrower's business, background, financials, projections, order book, competitive position in the market
- Industry segment
- Geography in which the borrower operates
- Security offered including primary charge over asset, nature of asset, additional collateral offered if any, and the extent of security coverage available subject to these securities being enforceable
- Loan type, its amount and other terms & condition including repayment schedule

The rate of interest for the same product and tenor availed during the same period by different borrower need not be the same. It could vary for different borrowers depending upon consideration of all or combination of above factors.

IV. Fees and Charges

In addition to charging interest on the loans, the Company will also be levying fees and charges as applicable. Additionally, the Company will also collect stamp duty, service tax / GST and other cess as may be applicable from time to time. Any revision in these charges would be implemented on prospective basis with due communication to borrower.

Applicable schedule of charges (wherever necessary) is available on the website of the Company. All charges and any revisions to the same will be approved by the Board.

V. Revision in Lending Rate

The revision to Lending Rate would be decided periodically, depending upon market volatility and cost to company. Any revision in the Lending Rate will be updated in the website.

VI. Revisions shall be prospective

Revision of interest rate and other charges would be prospective in effect and intimation of change of interest or other charges would be communicated in writing to the borrower in a mode and manner deemed fit.

VII. Annualised Rate

The interest would be charged on monthly/quarterly/half yearly rests or on maturity, depending on product features and borrower preferences. However, the borrowers would be provided an annualised rate of interest in the sanction letter.

VIII. Communication Framework

The Company will communicate the effective rate of interest -to borrowers at the time of sanction/ availing of the loan through the acceptable mode of communication.

IX. Review/Revision of the Policy

The policy shall be reviewed by the Board at periodical basis preferably on annual basis. .