

# **Interest Rate Policy**

Version 5.0

Amended by the Board of Directors on July 24, 2024



**India InfraDebt Limited**

## **India Infradebt Limited (Infradebt)**

### **Interest Rate Policy**

As per the RBI Circular No. RBI/2012-13/416 dated February 18, 2013, Boards of NBFCs are advised to lay out appropriate internal principles and procedures in determining interest rates and processing and other charges in accordance with Fair Practices Code. In view of the said RBI Guidelines, Infradebt has framed an Interest Rate Policy.

RBI has then issued Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Master Directions) dated September 1, 2016. The Master Directions have replaced the aforesaid RBI Directions dated February 18, 2013 with the above requirement still in place.

Infradebt finances the existing debt of infrastructure projects primarily out of debt funds raised from the wholesale debt market.

Infradebt endeavors to provide lower interest rate than existing lenders. Interest rates charged by Infradebt shall be a function of credit risk, tenor of loan, loan structure, its borrowing rates, rates offered by other consortium lenders/co-lenders and market competition. The credit risk evaluation is based on the operating risk, financial risk, management risk and the security package available for the project.

Infradebt endeavors to refinance the infrastructure projects at competitive interest rates not exceeding 11% p.a.p.m. depending upon the credit risk profile of the borrower, loan tenor and loan structure. Interest rate above 11% p.a.p.m. may be charged, specific to certain transactions, subject to requisite approvals. Applicable interest rates are subject to change during the tenor of the facility considering the risk profile of the borrowers, market scenario, change in benchmark rate and/or regulatory changes. The rate of interest offered are on monthly, quarterly, semi-annual or annual basis. Infradebt offers both fixed and variable interest rates. For variable rates, the interest rates are also subject to resets at the periodicity that is same as Senior Lenders or as may be mutually agreed between Borrower and Infradebt. Further, in such cases benchmark rate will be mutually decided between Borrower and Infradebt. Interest rates are communicated to the borrower at the time of sanction/ availing of loan. For variable rates, both the Benchmark Rate and the Spread are communicated in writing to the client.

In addition to the interest rate, Infradebt would levy loan processing charges, legal fees on actuals, commitment fees, prepayment/ foreclosure charges etc. in line with that charged by the market. Loan Processing charges/ fees and prepayment charges shall be determined with appropriate ceilings as described below:

Loan processing fees & charges:

Based on negotiations with the clients, Infradebt would charge processing fees and charges on a case-to-case basis, with a ceiling of 2% of the loan amount plus applicable taxes. This ceiling will not be applicable in certain exceptional cases where all-in pricing is negotiated to be split between Interest rate and fees.

Prepayment/ foreclosure charges:

Infradebt raises liabilities primarily of minimum five year tenor at fixed interest rates with no prepayment options. In all lending proposals, where the prepayment/ foreclosure charges are negotiated and finalized upfront in the financing documents, prepayment charges shall be capped at 3% of outstanding loan amount plus applicable taxes. In cases where prepayment is not explicitly envisaged in sanction/facility documents and Borrower(s) request for prepayment, Infradebt may at its discretion consider such requests subject to payment of break-cost i.e the loss of future income.

Penal charges shall be in accordance with RBI guidelines as elaborated below.

Pursuant to RBI guidelines on fair lending practices vide circular no. DOR.MCS.REC.28/01.01.001/2023-24 dated August 18, 2023, Infradebt shall adhere to following aspects pertaining to penalty for non-compliance of material terms and conditions:

1. Penalty, if charged as per terms and conditions of financing documents, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges'/default charges and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the loans.
2. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
3. Infradebt may charge penal charges (plus applicable taxes) to Borrowers on account of following material non-compliances:

<b>Sr No</b>	<b>Nature of non-compliance</b>	<b>Penal charges (% of outstanding loan/NCD amount)</b>
1	Default in payment of interest/principal/any other amount due under financing documents (for exposures without tripartite agreement)	1-2%
2	Default in payment of interest/principal/any other amount due under financing documents (for exposures covered under tripartite agreement)	3%

<b>Sr No</b>	<b>Nature of non-compliance</b>	<b>Penal charges (% of outstanding loan/NCD amount)</b>
3	Non-maintenance of various reserves stipulated under financing documents	1%
4	Non-compliance with financing documents	1%
5	Any other non-compliance specifically stipulated in financing documents	1-2%

It is clarified that for any secondary purchase transaction (loan/NCDs), penal charges for non-compliance with material terms & conditions shall be as per executed financing documents, including amendments thereof.

4. Considering the nature of business of Borrowers and their credit profile, non-compliances for which penal charges may be stipulated in financing documents and may vary on case-to-case basis. The quantum and reason for penal charges shall be clearly stipulated in financing documents executed with Borrowers. In any case, the quantum of penal charges for a particular non-compliance shall not exceed 2.00% on outstanding loan amount (other than Infradebt exposure covered under tripartite agreement).
5. 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 charges and the reason thereof shall also be communicated.
6. In the case of fresh loans, new penal charges regime shall be implemented from April 1, 2024, however in case of existing loans, the switchover to new penal charges regime shall be ensured on the next review date falling on or after April 1, 2024, but not later than June 30, 2024. Infradebt shall communicate changes in penal charges regime to all Borrowers.