

Interest Rate Policy

Version 2.0

“The Document provides an overview of Policy on Interest Rate Model and Policies & Procedures on Determining Interest Rates”

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Version Control

Document Version	Description of Changes	Date	Prepared / Changed by
1.0	First Version	September 2022	Risk & Finance Department
2.0	Second Version	January 2024	Risk & Finance Department

Introduction

Reserve Bank of India (RBI) had vide its Circular DNBS / PD / CC No. 95/ 03.05.002/ 2006-07 dated May 24, 2007 and other subsequent communications advised the Boards of Non- Banking Finance Companies (NBFC's) to lay out appropriate internal principles and procedures on determining interest rates, processing and other charges.

Keeping in view the RBI's guidelines as cited above, other applicable guidelines as amended from time to time, and the good governance practices, Ecofy Finance Private Limited (formerly known as Accretive Cleantech Finance Pvt Ltd (the Company) had adopted the following internal guidelines, policies, procedures and interest rate model for its lending business.

The interest rate and yield for each of the loan will incorporate the methodology below. Interest Rates will be in accordance with the Board approved annual strategy plan. Businesses will be accorded opportunity to make changes in the Interest rates with the approval of CFO/WTD/MD.

Interest rates/yields shall be presented to Asset Liability Management Committee every quarter.

Methodology

1. The cost of funds on the borrowings, as well as associated costs taking into consideration tenure, market conditions, refinancing options etc.
2. Operating costs and maintaining the stakeholders' expectations for a reasonable, market-competitive rate of return.
3. Risk profile of customer - professional qualification, earnings stability, current financial position, past repayment track record with us or other lenders, external ratings of customers, credit reports, future business expansion etc.
4. Nature of lending, for example unsecured/secured with tenure of the loan and nature of securities/ collateral offered.
5. Inherent credit and default risk in our business, particularly trends with sub-groups / customer segments of the loan portfolio.
6. Subventions and subsidies available if any.
7. Industry trends - offerings by competition.

Additional Terms

1. Interest rates shall be intimated to the customers at the time of sanction/ availing of the loan and the equated installments apportionment towards interest and principal dues shall be made available to the customer.
2. The interest rates offered could be on fixed basis or floating/ variable basis.
3. Interest changes would be prospective in effect and intimation of change of interest, if any, or other charges would be communicated to the customers. Changes in interest rates would be decided at any periodicity, depending upon market volatility and competitor review.
4. The interest re-set period for floating / variable rate lending would be decided by the

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Company from time to time, applying the same decision criteria as considered for fixing of interest rates.

5. Interest would be charged, and recovered on a monthly, quarterly basis or such other periodicity as may be approved by the designated authority. Specific terms in this regard would be addressed through the relevant product policy.
6. Interest rates would be intimated to the customers at the time of sanction / availing of the loan and the EMI apportionments towards interest and principal dues would be made available to the customer.
7. Interest shall be deemed payable immediately on due date as communicated and no grace period for payment of interest is allowed.
8. Besides normal interest, the Company may levy additional interest for ad hoc facilities, penal interest for any delay or default in making payments of any dues. The levy or waiver of these additional or penal interests for different products or facilities would be decided within the limits prescribed under the policy.
9. The Company shall mention the penal interest in bold in the loan agreement.
10. All processing / documentation and other charges recovered would be expressly stated in the Loan documents. They may vary based on the loan product, exposure limit, customer segment, geographical location and generally represent the cost incurred in rendering the services to the customers.
11. The practices followed by competitors would also be taken into consideration while deciding on interest rates / charges.
12. Prior to entering into an agreement with our customers, we provide them with our statement of charges and interest and address their queries and questions on the same, to their satisfaction.