



CASPIAN IMPACT INVESTMENTS PVT LTD

Interest Rate Model & Interest Rate Policy

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<i>Policy Owner</i>	<i>Vishwanath Muniganti</i>
<i>Approved by:</i>	<i>Avishek Gupta</i>
<i>Confidentiality level:</i>	Public (Level 1)

Levels of Confidentiality: Public (Level 1), Confidential (Level 2), Restricted (Level 3)
Please refer to Annexure I for summary of previous version changes

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INTEREST RATE MODEL AND INTEREST RATE POLICY

1. PREAMBLE

Caspian Impact Investments Private Limited (“Company”) is a non-deposit taking Non-Banking Finance Company registered with Reserve Bank of India (“RBI”) and a Base Layer NBFC in terms of Scale Based Regulations (SBR): A Revised Regulatory Framework for NBFCs dated October 22, 2021. This Interest Rate Model and Interest Rate Policy (“Policy”) is in accordance with the Master Direction Reserve bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 issued vide notification dated October 19, 2023 and as amended thereof from time to time

2. INTEREST RATE MODEL

The following components are factored in by the Caspian Impact Investments Private Limited (the “Company”) determining the interest rate and other charges chargeable to the customers (referred to as “Portfolio ”):

(a) Capital Structure and Cost of Borrowing

The weighted average cost of funds of our aggregate borrowings through a mix of offshore and onshore sources as well as costs incidental to those borrowings taking into consideration the average tenure, market liquidity, refinancing avenues, foreign exchange volatility, and interest payment structure (fixed or floating). The pricing factors in the risk associated with this, as well as the costs associated with external risk mitigation arrangements.

(b) Cost of Operations

The cost of operations includes fees paid to the Investment Advisor, employee costs, infrastructure cost and other administrative costs.

(c) Portfolio Risk

The portfolio risk is factored on the basis of the type and nature of loans that the Company makes, the risk profile associated with each target segment of the Company, past experience, nature and value of security and overall management assessment.

(d) Profit Margin

The profit margin is fixed on the basis of the return expected by the shareholders and the risks involved. The profit margin should be reasonable to attract fresh capital to sustain growth and can be benchmarked with comparable companies. A reasonable level of gearing is required to be maintained while arriving at the shareholder return.

(e) Prevailing Market Practices

The fees and other charges applicable will depend on the market practices and the cost of providing such services.

The capital structure and lending rate as well as the fees charged shall be reviewed periodically by the Company's Asset & Liability Management (ALM) Committee.

3. INTEREST RATE POLICY

- The rate of interest for the same product and tenure availed during the same period by separate Portfolio would not be standardized but could vary within a range depending, amongst other things, the factors mentioned above. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter. The rate of interest shall be annualised rate for borrower's awareness.
- The same shall also be disclosed on the Company's website and to be kept updated as and when there are changes.
- The interest rates offered could be on a fixed basis or variable/floating basis. Changes in interest rates would be decided at any periodicity, depending on market volatility and competition.
- Interest would be charged and recovered on a monthly or quarterly basis or as agreed with the Portfolio in the loan repayment schedule.
- Interest rates along with the apportionment towards interest and principal dues as detailed in the repayment schedule shall be communicated to the Portfolio at the time of approval / availing of the loan.
- Interest shall be deemed payable immediately on the due date as per the loan repayment schedule, annexed to the loan agreement. Any sanction of grace period for payment of interest is at the sole discretion of the Company, and the same will be communicated to the Portfolio in writing.
- In addition to normal interest, the Company may levy additional interest for ad-hoc facilities, penal charges for any delay or default in making payments of any dues. The levy or waiver of these additional interest or penal charges for the different facilities would be at the sole discretion of the Company, and will be communicated to the

Portfolio Company in writing. The schedule of penal charges shall also be displayed on Company's website.

- Interest changes would be prospective in effect and shall be communicated in writing before any such change takes effect and in accordance with the provisions in the loan documents.
- Other financial charges like processing fees, cheque bouncing charges, pre-payment / foreclosure charges, part disbursement charges, cheque swaps, cash handling charges, RTGS/other remittance charges, commitment fees, charges on various other services like issuing No Due certificates, No Objection Certificates, letters ceding charge on assets / security, security swap & exchange charges, charges for non-compliance with sanction terms etc. would be levied by the Company wherever considered necessary. Besides the base charges, the applicable statutory levies viz. taxes, duties and other cesses would be collected at applicable rates from time to time. Any revision in these charges would be with prospective effect.
- The practices followed by competitors would also be taken into consideration while deciding on interest rates / charges.
- Interest rate models, base lending rate and other charges and their periodic revisions will be made available to the customers, as required.
- In case of disbursements made through various tranches, the rate of interest would be subject to review and the same may vary according to the prevailing rate at the time of successive disbursements or as may be decided by the Company.
- Claims or refund of waiver of such charges / penal charges / additional interest would normally not be entertained by the Company and it is the sole and absolute discretion of the Company to deal with such requests.

ANNEXURE – I: VERSION CONTROL TABLE

Version No.	Version Approval Date	Version Effective Date	Version Change Details	Version Owner	Version Approved By
1.0		01-Sep-2015	First Version		
2.0	30-May-2018	30-May-2018	<ul style="list-style-type: none"> Removed mention of target sectors Added that the pricing also factors in the costs associated with external risk mitigation arrangements. Sanction of grace period for payment of interest, as well as the levy and waiver of additional and penal interest charges, will be at the sole discretion of the Company. 	Saurabh Johri, CFO	Viswanatha Prasad, Managing Director
3.0	11-Feb-2022	11-Feb-2022	<ul style="list-style-type: none"> Included employee costs in costs of operations Included charges for non-compliance with sanction terms 	Vishwanath Muniganti, CFO	Avishek Gupta, Managing Director
4.0	26-Feb-2024	26-Feb-2024	<ul style="list-style-type: none"> Reference documents section updated with applicable regulations Reference to Companies is deleted Disclosure of additional details to borrowers Penal interest is replaced with penal charges and suitable additions were made 	Vishwanath Muniganti, CFO	Avishek Gupta, Managing Director



			<ul style="list-style-type: none">Deleted statement on retail financial services		
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