

Policy on
Interest Rates Charged

LoanTap Credit Products Private Limited

(Latest Reviewed on 03rd May, 2025)

1. Introduction

LoanTap Credit Products Private Limited [the "Company"], is a Non-Deposit Taking Non-Banking Financial Company ["NBFC-ND"] registered with the Reserve Bank of India ["RBI"] under section 45-IA of the Reserve Bank of India Act, 1934 ["RBI Act"].

The Company is engaged in the business of providing various financing products to its various customers, which include Individuals, Partnership firms, Companies and other legal entities.

The Company has framed and adopted a voluntary policy, which sets out an Interest rate model for the Company, taking in to account relevant factors such as cost of funds, margin and risk premium, gradation of risks, etc. and determine the rate of interest to be charged for loans and advances.

2. Objectives

The objective of framing this policy is to ensure that interest rates charged to the customers do not exceed beyond a certain level and which are not conforming to normal financial practice. This policy is formulated to also ensure transparency, in conformity with the stipulations of the Reserve Bank of India's ["RBI"] directives.

3. Company's Policy

The Company has its own model for arriving at base rates taking into consideration, among other things, Company's weighted average cost of funds, unallocable overheads and other administrative costs which is further adjusted for ALM mismatch. The weighted average cost of funds is computed taking into account the cost of the Company's aggregate borrowings at the month end time from various sources such as consortium and other bank lines, debentures (if any) etc. The base rate however does not include expected return on assets as it varies amongst different line of the Company's businesses.

The rate of interest for loans for various business segments and various schemes thereunder is arrived at through the Company's base rate model, cost on account of risk and tenor premium

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for the concerned business segment, business specific operating cost and margin is added to arrive at the lending rate.

The final lending rate for various products offered by the Company will be arrived at after taking into account market reputation, interest, credit and default risk in the related business segment, historical performance of similar homogeneous clients, profile of the borrower, tenure of relationship with the borrower, repayment track record of the borrower in case of existing customer, subventions available, deviations permitted, future potential, group strength, overall customer yield, nature and value of primary and collateral security, etc. Such information is gathered based on information provided by the borrower, credit reports, market intelligence and information gathered by field inspection (if any) of the borrower's premises.

The rates of interest for the same product and tenor availed during same period by different customers need not to be standardized. It could vary for different customers depending upon consideration of any or combination of above factors and the same needs to be disclosed to borrower in application form and communicated separately in sanction letter.

The interest rate to be charged to the borrower for the loans will be decided keeping in view the RBI's guidelines relating to regulation of excessive interest charged by NBFCs.

The Rate of interest to be charged will be duly disclosed to the borrower/s in the confirmatory communication, to be disclosed in bold and at an annualized rate in the sanction communication as well as the Loan Agreement.
The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the companies or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.

The interest rates on each of the loan products would be decided by such body as authorized by the Board of Directors or the Board of Directors themselves.

Interest Rate to be charged to a customer is to be determined on the basis of the following factors.

- Cost of funds
- Risk Profile of the borrower
- Interest rate prevailing in the industry
- Margin and Risk premium charged for different categories
- Securities offered and the type and risks attached thereto
- Duration of loan (tenure of customer relationship)
- The category of the borrowers
- The earning source of the borrower

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- The nature and regularity of income of the borrower
- Gradation of risks, which are to be documented
- RBI policies on credit flow
- Practices followed by other competitors

Information to Customers:

- The rate of interest for the same product and tenor availed during same period by different borrower need not be uniform. It could vary for different products for the same or different borrower.
- The interest rates could be offered on fixed or variable basis.
- The interest re-set period would be decided by the Company from time to time.
- Interest is to be calculated on the amount utilized by the borrower and not merely on the sanctioned limit.
- No interest is payable on credit balance in borrower's account.
- The average yield on a credit product and minimum rate of interest under each product line would be decided from time to time by the relevant authority.
- Rationale for charging different rate of interest to different categories of borrowers depending upon consideration of any or combination of a few or all factors listed above shall be documented and the same shall be disclosed to the borrowers or customer in the application form and communicated explicitly in the sanction letter.
- The annualized rate of interest and approach for gradation of risks shall be intimated to the borrowers and would be displayed in the statement of accounts.
- In case the due date falls on a public holiday or Sunday, it shall be deemed to fall due on the next subsequent day.
- Change in the rate of interest or important changes in the policy shall be published on the website (if possible) and/or communicated to the borrowers before implementing changes in rates.
- Interest Rates would be intimated to the customers at the time of sanction/availing of the loan and the EMI apportionment towards interest and principal dues would be made available to the customers.

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- The interest shall be deemed payable immediately on debits. However, grace period may be allowed for payment of interest. The changes in rates would be prospective in effect and intimation of change and other charges would be communicated to customers in any mode deemed fit.
- Besides normal interest, the Company may levy additional interest / charges as under:

Loan Processing Charges	To be charged to the borrower/s for all expenses pertaining to documentation, agreement, etc.
Transaction Expenses and Due Diligence Expenses	To be charged to the borrower/s for all expenses pertaining to legal, valuation & professional fees, due diligence, stamp duty, registration and other out-of-pocket expenses.
Default Charges	To be charged on the unpaid dues/liability at the time of occurrence of default where the borrower/guarantor defaults on any terms of the agreement.
Part Payment Charges	To be charged on the unpaid dues/liability at the time of prepayment where the borrower wants to prepay the loan or part thereof.
Foreclosure Charges	To be charged on the unpaid dues/liability at the time of prepayment where the borrower wants to foreclose the loan for business purposes.
Cheque Swapping Charges	To be charged to the borrower/s in each instance where the borrower/guarantor is required to submit fresh cheques on account of change in their bank account or for any reason whatsoever.
Cheque Bouncing Charges	To be charged to the borrower/s in each instance that any cheque is dishonoured (under any of the payment modes) and consequently represented OR in each instance that a cheque/pay order/ demand draft is presented when any instalment/s is/are not received by the Company by /upon issue of debit instructions under the ECS method or direct debit method or any other payment method (other than the PDC method) as selected by the borrower/s for any reasons whatsoever.
Documents Retrieval Charges	To be charged where the borrower requests for additional copies of documents executed.
Loan Reschedule charges	To be charged where the borrower requests for rescheduling of payment term within the tenure and without modifying the terms of the existing loan.
Loan Restructuring Charges	To be charged where the borrower is required to modify the terms of the existing loan.

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Loan Recovery Charges	To be charged for the expense incurred by the Company to recover the dues including legal fees, duties, notices, advertisement, etc.

The aim of the Company to levy the abovementioned charges other than those mentioned as Loan Processing Charges and Transaction Expenses and Due Diligence Expenses is not to make money out of it but to encourage prompt and timely repayment of dues and to deter the borrower against intentional delinquency. However, in deserving cases, such additional / penal interest may be completely waived off or settled at much lower rates.

- ❖ Other Financial charges and charges on various services would be levied by the company wherever considered necessary. Also, the base charges, Goods & Service Tax and other Cess would be collected at applicable rates from time to time. Any revision would be from prospective effect.

- ❖ In case deemed fit, the company may consider necessary moratorium for interest payment and repayment of principal with proper built-in pricing.

- ❖ No claims for refund or waiver of such charges/penal interest/additional interest would normally be entertained by the company and it is the sole discretion of the company to deal with such requests if any.

In case of discrepancies between this policy and the Loan Agreement, the Loan Agreement will supersede this policy. The Directions issued by the Reserve Bank of India would naturally bear a superseding effect on this policy.

4. Provisions Regulating Penal Charges

a) Penal charges shall be levied only for non-compliance of material terms and conditions of the loan agreement executed with the borrower. Such charges shall be treated as penal charges and shall not be levied in the form of penal interest added to the rate of interest on the loan. There shall be no capitalisation of penal charges, i.e., no further interest shall be computed on such charges. This shall not, however, affect the standard procedures for the compounding of interest on the principal loan amount.

b) The Company shall not introduce any additional component to the rate of interest under the guise of penal interest. All actions shall comply with the Standard Benchmark Rate (SBR) in both letter and spirit.

c) The quantum of penal charges levied shall be reasonable and proportionate to the extent of non-compliance of material terms and conditions of the loan contract. These charges shall be non-discriminatory within a particular loan/product category and shall be uniformly applied to all borrowers within that category.

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d) In the case of loans sanctioned to individual borrowers for purposes other than business, the penal charges shall not be higher than those charged to non-individual borrowers for similar instances of non-compliance of material terms and conditions.

e) The quantum and rationale for penal charges shall be clearly disclosed to customers at the time of sanction and disbursement, including in the loan agreement, Most Important Terms and Conditions (MITC), and Key Fact Statement (KFS). The same shall also be displayed on the Company's website under the section for Interest Rates and Service Charges.

f) When reminders are sent to borrowers regarding non-compliance of material terms and conditions of the loan, the applicable penal charges shall be explicitly communicated. Furthermore, each instance of penal charge levy and its underlying reason shall be promptly communicated to the borrower.

5. Effective Date and Review

This policy has been adopted vide Company's Board of Directors' resolution dated **03rd May 2025**. This policy shall stand applicable organization wide with effect from the same date.

This policy or any of its clauses are to be suitably modified based on the Directions of Reserve Bank of India and latest reviewed and adopted on 03rd May, 2025.

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