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## Policy for Determining Interest Rates, Processing Fees, Overdue and Other Charges



## 1. INTRODUCTION

The Board of Directors of Sayyam Investments Private Limited (“**Company**”) has adopted the Policy for Determining Interest Rates, Processing, Overdue and Other Charges (“**the Policy**”) in accordance with the Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 (Updated as on April 1, 2026) applicable on the Company, to lay out appropriate internal principles and procedures in determining interest rates, processing and other charges including penal charges.

This Policy should always be read in conjunction with extant RBI guidelines, directives, circulars and instructions. The Company will apply the best industry practices and ensure the same does not conflict with or violate RBI guidelines.

## 2. OBJECTIVE

The main objectives of this Policy are to:

- A. Ensure that interest rates are determined in a manner to ensure long-term sustainability of business by taking into account the interests of all stakeholders;
- B. Develop and adopt a suitable model for calculation ;
- C. Enable fixation of interest rates which are reasonable: both actual and perceived;
- D. Ensure that computation of interest is accurate, fair and transparent in line with regulatory expectations and market practices;
- E. Decide on the principles, methodology and approach of charging spreads to arrive at final rates charged from customers; and
- F. Certain charges may vary from customer to customer depending on loan product, borrower category, credit history of customer, type of security offered, expenses incurred in sourcing of business, geographical location and cost incurred in rendering service to the customer etc.

## 3. ROLE OF BOARD OF DIRECTORS

- The Board of Directors shall have oversight for this Policy of Sayyam Investments Private Limited.
- In order to ensure effective implementation of the Interest Rate Policy, the Board may delegate the implementation of the Policy and its operational aspects to the Chief Financial Officer / Finance Head / Executive Director as deemed fit.

- The Board shall have the authority to define/ review/ revise the range of rates of interest applicable on various types of loans extended by the Company.

#### 4. DETERMINATION OF INTEREST RATES ON LOANS AND CREDIT FACILITY

The Company lends money to its borrower through fixed interest rate loans and has various products to cater to the needs of different category of borrowers.

Company follows a just and equal approach for charging rate of interest to the borrowers and the same is calculated basis the factors identified affecting the interest calculation which may lead to charging different rate to interest to different set of Borrowers.

The interest rate of each product is decided from time to time, giving due consideration to the following factors:

- A. Cost of Equity:** To run the business, the Company has been infused with equity share capital in huge proportions, and accordingly the cost of such equity being infused shall be taken into consideration.
- B. Credit Risk:** Risk related to loss of credit due to tenure of loan, nature of facility, ticket size of loan, geographical condition, borrower segment, sourcing channels, stability in earnings and employment, financial position, past repayment track record with us or other lenders, external ratings of borrowers, credit reports, borrower relationship, future business potential, results from digital verifications etc. Therefore, risk of recovery of loan can be considered to be in the medium to high category and accordingly the risk premium would be reckoned.
- C. Opex Cost:** It includes employee expenses, office and infrastructure related fixed and variable costs, operations costs, sales and marketing expenses, etc.
- D. Profit Margin:** Fair profit margin is added to arrive at the lending rate.

Interest shall be computed on a reducing balance basis, charged only for the actual period of loan tenure as specified in the loan agreement. Further, the rate of interest charged to Borrowers may also depend upon various factors such as the cost of borrowed funds, cost of disbursements, market conditions, default risk, period of loan, purpose, advance paid by the Borrower and financial position disclosed by Borrower while submitting the Loan Application etc.

Sr. No.	Particulars	Percentage
1.	Cost of Funds (A)	xx
2.	Credit Risk (B)	xx
3.	Opex Cost (C)	xx
4.	Profit Margin (D)	xx
5.	Other factors (E)	xx
6.	Rates offered to the Borrower	Up to 36% (based on the tenure of the products)

Approach for Gradation of Risks: Company has the following approach and considers following factors for assessing rate of interest for each borrower:

- a) Risk related to loss of credit due to short tenure of loan;
- b) Nature of facility;
- c) Ticket size of loan;
- d) Demographic conditions;
- e) Borrower segment;
- f) Stability in earnings and employment;
- g) Financial position;
- h) Past repayment track record with the Company or with other lenders;
- i) External ratings of borrowers, credit reports;
- j) Borrower relationship;
- k) Other existing indebtedness;
- l) Results from digital verification;
- m) RBI Guidelines; and any other factors on a case-by-case basis, as may be applicable.

## 5. PROCESSING FEES / COMMITMENT FEE / OTHER CHARGES

Apart from interest rate, the Company may levy processing fees / other charges (including documentation, service tax / GST and other cess at the rates as applicable from time to time). Any revision in these charges would be implemented prospectively (with due communication to borrowers) on its Borrowers for loans sanctioned. Generally, the processing fee charged for processing the loan application will be in the range of 4%-23% on the sanctioned loan amount.

The processing fees have been designed to recover the operational and administrative costs involved in loan origination.

These expenses include borrowing and funding costs, customer acquisition and marketing expenses, Know Your Customer (KYC) verification, credit assessment and underwriting, documentation and onboarding processes, maintenance of technology infrastructure, operational costs, collection and recovery efforts, as well as compliance with applicable legal and regulatory requirements.

The recovery of such costs through the fee structure ensures that the lending process remains fair, transparent, and sustainable, while enabling the continued delivery of efficient and reliable financial services to borrowers. The fee is levied solely to recover legitimate business expenses directly associated with evaluating, approving, disbursing, and managing each loan application.

The processing fees of each product is decided from time to time, giving due consideration to the following factors, among others:

Fee Revenue – 100% (equivalent to upto 36%)

Fee on Borrowings - 1% of the Fee Revenue

Credit Cost - 35% of the Fee Revenue

Opex Cost - 34% of the Fee Revenue

Profit Before Taxes - 30% of the Fee Revenue

Taxes - 7.55% of the Fee Revenue

Profit After Taxes - 21.70% of the Fee Revenue

## 6. ANNUAL PERCENTAGE RATE (APR)

APR is the effective annualised rate charged to the borrower. . APR as all-inclusive cost of digital loans for the borrower shall be disclosed upfront by the Company and shall also be a part of the Key Fact Statement. Generally, the APR will be in the range of 30-200% on the sanctioned loan amount.

## 7. OVERDUE/PENAL CHARGES

The Company may levy a penal charge as mentioned in the KFS, if borrower doesn't service the loan on the due date.



Penal charges shall not be levied in the form of 'penal interest,' that is added to the rate of interest charged on the advances. There will be no capitalisation of penal charges. i.e., no further interest will be computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account. No additional component shall be added to the rate of interest to ensure compliance to guidelines in both letter and spirit.

The overdue charge/penalty percentage may vary based on the length of the overdue period. The longer the loan remains unpaid, higher the percentage of overdue charges/penalties.

The quantum of penal charges will be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan/product category.

Borrowers will be notified of their overdue status, along with the charges levied on them.

The Company may provide a grace period at the sole discretion of Company, during which borrowers can rectify their overdue status without incurring penalties. During the grace period, borrowers will receive reminders to encourage prompt repayment.

This penal charge shall be calculated on the outstanding principal amount and any changes in the charges shall be prospective with due communication to the borrower. Below are the penal charges to be levied on borrowers:

1% per day  $\leq 1$  day

0.5% per day  $\leq 49$  days

0%  $> 49$  days

## 8. COOLING-OFF PERIOD

Cooling-off period refers to the period during which the borrower shall have the explicit option to exit the loan by paying the disbursed amount without any penalty during an initial "cooling-off period." A cooling period of 1 (one) day is applicable, as specified in the Key Fact Statement(KFS). For borrowers continuing with the loan even after cooling-off period, foreclosure shall be in accordance with Company policies. The upfront processing fee remains non-refundable under all circumstances.



## 9. COMMUNICATION TO BORROWERS

The Company shall communicate the effective rate of interest to borrowers at the time of sanction/availing of the loan through the acceptable mode of communication as mentioned in the FPC. Interest Rate Policy would be uploaded on the website of the company and any change in the interest rates and charges shall be updated on the website of the Company.

## 10. WAIVER/REDUCTION OF CHARGES

Head of the Operations shall be authorized to waive-off / reduce any amount including Principal amount / Interest Rates, Processing and Other Charges, in his own discretion, as may deem fit. Further, Head may delegate this authority in favour of any person.

## 11. REVIEW AND AMENDMENT

This policy will be reviewed by the Board at least annually to ensure its effectiveness and relevance. Sayyam reserves the right to amend this policy at any time.

