SAYYAM INVESTMENTS PRIVATE LIMITED

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

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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 ("**RBI**") (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 (Updated as on April 1, 2026) **("RBI Responsible Lender Directives")** 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 implemented to comply with RBI Responsible Lender Directives and other 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 the Company.
- 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 on reducing balance and has various products to cater to the needs of different category of borrowers.

Company follows a fair, transparent and risk based 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 Rate Methodology

The Company shall determine the interest rate applicable to each loan product based on a Board-approved interest rate model. The interest rate shall be determined after considering, inter alia, the cost of funds, operating expenses, credit risk, expected credit losses, customer profile, tenor, product characteristics, competitive market conditions, regulatory requirements, business strategy and the desired return on capital.

The detailed interest rate build-up and the weighting assigned to each pricing parameter shall form part of the **Interest Rate Matrix**, as amended from time to time. The Interest rate matrix shall document the

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methodology for risk-based pricing, the approach to customer risk gradation, and the applicable interest rate ranges for different loan products and customer segments.

The Company shall ensure that the rationale for charging different rates of interest to different categories of borrowers is documented and that the applicable interest rate are disclosed to borrowers through the **Key Fact Statement (KFS)**, sanction letter and the Company's website, in accordance with the applicable RBI directions.

Rate of Interest shall be computed on a reducing balance basis from the date of disbursement of the loan amount (not from the date of sanction of the loan). Therefore, it shall be charged only for the actual period of loan tenure as specified in the loan agreement.

Cost Components Based on Average AUM:

Particulars	Reference	Description
Cost of Funds	A	Weighted average cost of borrowings and equity
Operating Cost	B	Direct operating and servicing costs attributable to the lending business
Overhead Cost	C	Administrative and infrastructure overheads allocated to the lending portfolio
Risk Cost	D	Expected credit loss, provisioning and risk premium based on borrower and portfolio characteristics
Expected ROA	E	Target return on assets approved by the Board
Total Cost including Expected ROA	F = A + B + C + D + E	Total pricing cost before adjustment of upfront charges
Upfront Fee/Charges	G	Upfront fees recovered from the borrower, where applicable
Customer Interest Rate	H = F − G	Final interest rate charged to the borrower

Considering the aforesaid pricing structure/methodology and the Board-approved risk-based pricing framework, the Company may offer loan products with an interest rate of up to 36% per annum. The applicable rate of interest shall be determined based on the loan product, tenure, customer risk profile, cost of funds and other pricing parameters approved by the Board from time to time.

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.

The current interest rate applicable on various products is as below –

Loan Product Name	Rate of Interest Range (%)
61 Days Loan	Up to 21.90%
61 Days Loan (Spl.product)	Up to 21.90%
90 Days (Spl.Product)	Up to 21.90%
90 Days	Up to 21.90%
120 days (Spl.Product)	Up to 35.04%
120 days	Up to 35.04%
180 days	Up to 35.04%
Medical Loan	0.00%

5. PROCESSING FEES / COMMITMENT FEE / OTHER CHARGES

Processing Fees

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Apart from interest rate, the Company may levy processing fees and / or other charges (including documentation, GST and other applicable taxes at the rates as notified from time to time). The processing fee, if any, charged by the Company for processing a loan application, together with any other applicable fees and charges, shall be levied on the sanctioned loan amount, as applicable, and shall be fair, reasonable, transparent, non-discriminatory, and commensurate with the cost of servicing the relevant loan product. All such fees and charges shall be disclosed upfront to the borrower in the KFS, the sanction communication, and the loan agreement.

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

These expenses include Fee cost on borrowing and funding , 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

The current processing fee of various products are given below –

Loan Product Name	P.F. / Charges (In %)
61 Days Loan	Upfront fee: Up to 5%

61 Days Loan (Spl.product)	Upfront fee: Up to 5%
90 Days (Spl.Product)	Upfront fee: Up to 5%
90 Days	Upfront fee: Up to 5%
120 days (Spl.Product)	Upfront fee: 0%
120 days	Upfront fee up to : 6%
180 days	Upfront fee up to : 6%
Medical Loan	Upfront fee up to – 20%

Pre-payment / Foreclosure Charges

The Company's loan products are presently offered on a **fixed-rate basis**. Accordingly, the Company may levy pre-payment or foreclosure charges on fixed-rate loan products. Any such charges shall be fair, reasonable and non-discriminatory and shall be **clearly disclosed upfront** in the **KFS**, sanction letter, loan agreement and such other customer communications as may be prescribed under applicable law.

Other Charges:

The Company may levy such other charges as are relevant to the loan product, including but not limited to field investigation charges, service charges, documentation charges, registration charges, mandate/ECS/NACH charges, administrative charges, collection-related charges, and any other statutory or service-related charges, wherever applicable. Applicable taxes, including Goods and Services Tax (GST), shall be recovered at the prevailing rates. All applicable charges, together with the basis of their levy, shall be disclosed upfront in the KFS, sanction letter, loan agreement and such other customer communications as may be prescribed under applicable law.

Loan Product Name	Other charges
61 Days Loan	Post fee: Up to 16%
61 Days Loan (Spl.product)	Post fee: Up to 12%

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90 Days (Spl.Product)	Post fee: up to 12%
90 Days	Post fee: Up to 18%
120 days (Spl.Product)	Post fee: Up to 4%
120 days	Post fee up to :12%
180 days	Post fee up to :12%

Disclosure:

It is further clarified that the Company shall not levy any hidden or undisclosed charges/fees on the borrower(s). All fees, charges, and other amounts payable by the borrower(s) shall be transparently disclosed upfront in the KFS, sanction communication, and loan agreement. Any revision for such charges/fees shall be implemented only on a prospective basis. Such revisions shall be updated on the Company's website as well.

6. ANNUAL PERCENTAGE RATE (APR)

APR represents the effective annualized rate charged to the borrower and reflects the all-inclusive cost of the loan to the borrower, determined in accordance with the applicable regulatory framework. The APR applicable to each loan shall be determined based on various factors, including, inter alia, the borrower's the loan tenor, the sanctioned amount (ticket size), the product category, the Company's cost structure, and such other commercial, credit, or risk parameters as may be considered relevant by the Company under its internal credit and pricing framework.

The Company shall disclose the applicable APR to the borrower in a clear, accurate, and transparent manner prior to the execution of the loan agreement. The APR, being the all-inclusive cost of the loan to the borrower, shall form an integral part of the KFS and shall also be appropriately disclosed in the loan documentation.

7. OVERDUE/PENAL CHARGES

Default in repayment by the borrower is also a type of non-compliance of material terms and conditions of loan repayment contract by the borrower and penalty, if charged, for such default shall only be levied in the form of penal charges ("***Penal Charges***") and not penal interest. The Company shall levy Penal Charges, as disclosed in the KFS, sanction letter, loan agreement, and such other loan documents as may be applicable, in the event the borrower fails to make payment of any amount due on the prescribed due date or otherwise fails to repay the outstanding loan amount in accordance with the agreed repayment schedule.

Further, there will be no capitalisation of Penal Charges. i.e., no further interest will be computed on such

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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 with RBI guidelines in both letter and spirit.

The Penal Charges may vary based on the length of the overdue period. The longer the loan remains unpaid, higher the amount of Penal Charge.

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 Penal 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.

The Penal Charges shall be calculated on the outstanding loan amount and any changes in such charges shall be prospective with due communication to the borrower. Below are the Penal Charges to be levied on borrowers:

Loan product Name	**Charges (In %)**
All products	For delay upto 1 day - upto 1% of the loan amount outstanding
	For delay from 2nd day upto 49 days - upto 0.5% of the loan amount outstanding

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 principal and the proportionate APR without **any penalty** during an initial "***cooling-off period***." A cooling period of 1 (one) day is applicable, as specified in the KFS. For borrowers continuing with the loan even after cooling-off period, foreclosure shall be in accordance with Company policies. The upfront processing fee agreed with the borrowers remains non-refundable under all circumstances.

9. COMMUNICATION TO BORROWERS

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The Company shall communicate the effective rate of interest, Penal Charges and any other specified fees/charges to the borrowers at the time of sanction/availing of the loan through the acceptable mode of communication. This Policy Policy shall be available on the website of the company and any change in the interest rates, Penal Charges and any other specified fees/charges shall be updated on the website of the Company.

It is hereby clarified that the Company's systems shall be configured to automatically generate and communicate to the borrower, at the time of each levy of a Penal Charges, the amount of the penal charge and the specific reason for its levy through appropriate customer communication channels, including SMS, e-mail, mobile application notifications, account statements, demand notices or other prescribed modes , in accordance with the applicable RBI guidelines.

10. WAIVER/ REDUCTION OF CHARGES

The waiver, reduction or settlement of any amount payable by a borrower, , shall be undertaken strictly in accordance with the framework prescribed strictly in the relevant Company's policy, as amended from time to time.

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.

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