

## **Interest Rate Policy For Short Term Instant Loan with Rupee Redee**

### **1) Interest Rate Methodology**

The average yields and the rate of interest under each product is decided from time to time, giving due consideration to the following factors;

- The cost of funds on the borrowings, as well as costs incidental to those borrowings, taking into consideration the average tenure, market liquidity and refinancing avenues etc;
- Operating cost in our business and maintaining shareholders' expectations for a reasonable, market-competitive rate of return;
- Inherent credit and default risk in our business, particularly trends with sub-groups / customer segments of the loan portfolio;
- Nature of lending, for example unsecured loans, completely paperless and non-physical model and the associated tenure of the loan product etc.
- Subventions and subsidies available, if any
- Risk profile of customer - stability in earnings and employment, financial position, past repayment track record with us or other lenders, external ratings of customers, credit reports, customer relationship, future business potential, results from digital verifications etc.
- Industry trends - offerings by competition

### **2) Interest rate policy for lending business**

- The company shall adopt a discrete interest rate policy which means that the rate of interest for same product and tenure availed during the same period by separate customers may not be standardized but could vary within a range, depending, amongst other things, the factors mentioned above.
- The Company shall disclose the rate of interest to different categories of borrowers through the course of application form and also communicate explicitly in the sanction letter/ loan contract which is to be duly accepted by the customer before inception of lender-borrower relationship.
- The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the companies. The information published on the website would be updated whenever there is a change in the rates of interest.
- The interest rates offered could be on fixed basis or floating / variable basis. Changes in interest rates would be decided at any periodicity, depending upon market volatility and competitor review.
- Annualized rate of interest would be intimated to the customer
- Besides normal interest, the company may levy additional interest for adhoc facilities, penal interest for any delay or default in making payments of any dues.
- The Company shall mention the penal interest clearly in the loan agreement.
- The interest re-set period for floating / variable rate lending would be decided by the company from time to time, applying the same decision criteria as considered for fixing of interest rates
- Interest would be charged and recovered on a daily-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.
- Interest rates would be intimated to the customers at the time of sanction / availing of the loan.
- Interest shall be deemed payable on the due date as communicated and no grace period for payment of interest is allowed.

- Interest changes would be prospective in effect and intimation of change of interest or other charges would be communicated to customers in a manner deemed fit, as per terms of the loan documents.
- Besides interest, other financial charges like approval fee, service fee, pre-payment / foreclosure charges, extension fee, penal charges would be levied by the company wherever considered necessary and as per customer consent unless otherwise implicit as per the construct of the product. Besides the base charges, the GST and other cess would be collected at applicable rates from time to time. Any revision in these charges would be with prospective effect. These charges would be decided upon collectively by the management of the Company.
- The practices followed by competitors would also be taken into consideration while deciding on interest rates / charges.
- Claims for refund or waiver of such charges/ penal interest / 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.

### Gradation of Risk

The risk premium shall be decided on a case to case basis as decided by the company based *inter alia* on the nature of product, interest, default risk, historical performance of similar client pools, tenure of relationship with the borrower, repayment track record in case of repeat customers, future potential, source of customer acquisition etc.

### **3) Product Parameters**

<b>Schedule of Charges</b>	
<b>Approval Fee</b>	INR 999
<b>Interest (APR)</b>	30%
<b>Service Fee (APR)</b>	335%
<b>Extension Fee</b>	0.5% per day
<b>Late Payment Fee</b>	10% per week

Apportionment of amount repaid will be adjusted as per below hierarchy:

1. Approval fee (deducted at time of disbursement)
2. Late payment fee (if in overdue status)
3. Overdue interest (if in overdue status)
4. Extension fee (if extension availed)
5. Service fee
6. Interest
7. Principal