Rupeek Capital Private Limited

Policy Name	**INTEREST RATE POLICY**
Approving Authority	Board of Directors of the Company
Date of Approval by Board	August 26 2025
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Review Frequency	Annual
Policy Owner	Finance

VERSION CONTROL

Version	Date of Approval
1.0	September 01, 2020
2.0	June 30, 2023

1. Introduction

The Reserve Bank of India vide its Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 have directed all Non-systemically important Non-deposit taking NBFCs to

- Communicate the annualized rate of interest to the borrower
- Make available the rates of interest and the approach for gradation of risks on the web-site of the companies

The policy document prescribes the guiding principles on fixing interest rate on gold loans and other schemes of the Company as detailed below:

2. Organisation Structure

a. Board of Directors

The Board of Directors shall have the oversight on the Interest Rate Policy of the Company

b. Asset Liability Committee (ALCO)

The ALCO shall be responsible for taking the decision to change the benchmark rate. The ALCO meeting will be held on a quarterly basis and any changes / status quo in the benchmark rate would be discussed and decided by the ALCO.

The internal pricing for the respective products shall be arrived at by the respective Product teams under the overall framework of this interest rate policy. Changes to business level internal pricing policies, if any, would need to be approved by a Director.

3. Benchmark Interest Rate Model

The Lending Rate is calculated as an aggregation of the following cost factors:

a. Weighted Average Cost of Capital :

The Company mobilises funds through a diversified mix of Bank Term Loans, Non-Convertible Debentures, Commercial Paper, subordinated debt and other investor borrowings. It also sources capital through Business Correspondent (BC) partnerships and co-lending arrangements, where partner institutions contribute to the funding structure. Alongside these liabilities, the Company's equity capital is also considered, and the respective costs of debt and equity are used to compute the overall Weighted Average Cost of Capital (WACC)

b. Fund Raising Cost

Fund Raising Cost includes processing fees on term loans, brokerage to source funds through NCDs / Deposits, CPs, Rating Fee, trusteeship fee, IPA commission on CPs, exchange listing fee etc.

c. Negative Carry on Investment

The Company keeps a liquidity buffer in the form of investments into liquid funds in compliance with RBI guidelines and to manage liquidity risk and has to bear negative carry on those investments.

d. ALM Mismatch Cost

The Company borrows funds through short term and long-term products and to comply with the regulatory guidelines, it needs to manage ALM gaps under certain limits imposed by the regulator, while taking into account the prepayments made by the customer.

e. Operating Cost

Operating Cost It includes employee expenses, establishment-related fixed and variable costs, operations costs, statutory costs, sales and marketing expenses, insurance costs, technology expenses, expenses related to sourcing and recovery etc.

f. Credit Risk premium based on the Risk Gradation of the Customer

The credit risk premium shall be calculated as a combination of various factors pertaining to customer profile, and type of product taken.

Factors under consideration for borrower's profile may include (but not limited to) age, customer's credit profile, past repayment track records, repayment pattern, past association with RCPL, type of employment and length of service, primary and secondary income, vintage and growth in business (if self-employed), number of dependents, residential stability.

Factors under consideration for the type of product taken would include tenure of loan, quantum of loan taken, nature and type of collateral security etc.

The credit risk premium may also account for the overall macro-economic cycle that the economy is going through.

g. Expected Return on Asset i.e. the minimum return expected by the Company on its assets.

4. Rate of Interest

a. **Basic Interest Rate**: The Company fixes the interest rate based on the prevailing market conditions, risk premium and applicable spread based on the respective borrower's profile and the scheme selected by the respective borrower and in line with the interest rate policy of the Company.

b. Effective Interest Rate :

- Effective Interest rates on certain loans vary depending upon the incentive offered for periodical remittance of the interest under each scheme, the principle being those who service the interest early gets a better incentive. For e.g., higher incentive is offered to those servicing interest within 30 days of disbursal as compared to 60 days, 90 days and so on. The incentive comes down if interest is not serviced by the due date prescribed like 30/60/90 days etc. after availing the loan.
- The incentive is offered to encourage borrowers to service interest regularly within the prescribed slab periods and to avail the benefit of higher incentive and lower competitive interest rates.
- The incentive is only an offer and it is left to the choice of the borrower whether to avail the benefit or not.
- The company shall charge interest as per the terms and conditions of the loan mutually agreed to by the borrower who has signed the pledge form / loan agreement and accepted the other terms and conditions of the loan.
- It is the prerogative of the company to allow any concession based on merits when the interest rate changes as above.

c. Penal Charge:

- The Company shall levy penalty for non – payment of loan dues within the due date and / or for non compliance of terms and conditions of the loan sanction by the borrower as penal charges only.
- No further interest shall be charged on the penal charges debited. However, this will not affect the normal procedure for compounding of interest in the loan account.
- Penal charges are applied as penalty for non-repayment of the loan dues within the loan contract period of 3 months /6 months /9 months/ 12 months or when the repayment is made after the expiry of demand date. Penal charges are applicable also for non-compliance of the terms and conditions of the loan and in the event of liability exceeding the realizable value of gold pledged as security so as to compensate the possibility of a loss. The penal charges as per the tariff fixed from time to time by the company will be applied for the period of default on the overdue / irregular dues outstanding as on the date of repayment which is inclusive of principal and up to-date interest or on the defaulted outstanding on the date of repayment.

The annualized rate of interest, other fees & charges etc., are intimated to the respective borrowers, at the time of sanction of the facility.

5. Loans sourced through Co-Lending Arrangements

In case of co-lending the operational and administrative expenses, risk margins and other associated costs are calculated on the entire loan amount but shall be loaded on Rupeek's component of the loan. Accordingly, in co-lended loans, the blended interest rate charged to the customer, the basic interest rate and the effective interest rate, shall be the primary interest rate for consideration.

6. Appropriation Mechanism

Remittances to the borrowers' account shall at first be appropriated towards charges levied, then towards interest and surplus if any, shall be adjusted towards the principle outstanding.

The appropriation for lending partnerships shall be based on the mutually agreed terms and conditions between the respective regulated entities.

7. Approach for gradation of risk:

The rate of interest of loans given to different segments and under various schemes offered by Rupeek is decided basis adjustment in interest rate spread derived from consideration of the following factors:

1. Customer Demographic Profile
2. Customer Credit Profile
3. Tenure of the loan
4. Type of Loan
5. Presence of underlying security and the nature of security
6. Ticket Size of the loan
7. Geographic variation
8. Bureau Score
9. Scheme Type
10. Regulatory stipulations, if applicable

Same product with similar features may vary in interest rate depending on consideration of one or more of the above mentioned factors

8. Communication Framework

The Company shall intimate the borrower the annualized interest rate at the time of sanction of the loan.

The customer shall also be informed that the Policy is available on the Company website and any change in the benchmark rates and charges for existing customers would be uploaded on the website of the Company.

Any changes in the rates and charges for existing customers would also be communicated to them through either e-mail or letter or SMS. 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. Interest shall be deemed payable immediately on due date as communicated and no grace period for payment of interest is allowed

The Company shall follow the guidelines mentioned in the Fair Practices Code guidelines as issued by RBI from time to time and as adopted by the company through its Fair Practices Code.