Rakam Credit Private Limited

Interest Rate- Policy

Company Overview

Policy Name	Interest Rate Policy
Entity	Rakam Credit Private Limited (“the Company”)
CIN	U65929RJ2016PTC055375
Registered Address	C-18, Shop No. 34, Upper Basement Floor, Silver Square Mall, Bhagwan Das Road, M. I. Road, Near Raj Mandir Cinema, C-Scheme, M.I. Road, Jaipur, Rajasthan, India, 302001
Regulator	Reserve Bank of India (RBI)
Website	https:/www.rakamcredit.in/
Effective Date	April-2024
Approved By	Board of Directors
Review Frequency	At least annually, or earlier upon change in RBI regulations

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1. Introduction

This Interest Rate Policy is adopted by RAKAM CREDIT PRIVATE LIMITED for its lending activities as a Base Layer NBFC. The Policy sets out the interest rate model, risk gradation approach, and disclosure principles to ensure that interest rates, fees and charges are determined transparently, applied consistently and communicated to borrowers in accordance with applicable RBI directions The Policy reflects the Company's commitment to fairness, customer protection, and responsible lending. It ensures that all interest rates remain reasonable, non-discriminatory, and fully commensurate with the cost of funds, business operational expenses, and the specific risk profile of the borrower.

The Company shall follow the RBI framework applicable to NBFCs, including requirements relating to Fair Practices Code, Key Facts Statement, disclosure of annualized rate of interest, penal charges, prospective application of changes, and approved interest rate model. This Policy shall be read with the Company's Fair Practices Code and other applicable internal policies This Policy is framed in alignment with the Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 as amended from time to time, and applies uniformly across all lending products, borrower categories, and delivery channels, including physical branch networks and digital lending platforms. To ensure complete transparency, this Interest Rate Policy shall be permanently published and accessible on the Company's official website.

2. Objectives and Scope

The objective of this Policy is to define the principles for determining interest rates, processing fees and other charges for the Company's loan products. The Policy applies to all lending products offered by the Company.

Beyond this, the primary goals of this Policy are to ensure complete fairness, absolute transparency, and reasonableness when fixing and explaining interest rates to our customers. This framework is specifically designed to safeguard borrowers from hidden fees, non-transparent pricing structures, or discriminatory lending practices. Policy aims to strictly maintain clear and accurate borrower disclosures, ensuring that all lending terms are communicated uniformly through the mandatory Key Facts Statement (KFS)

3. Category of Product

The Company may offer interest rates to its customers through fixed-rate loans. Products may include Loan Against Property, Business Loans/ Working Capital Loans, Term Loans, Financial Institution Lending. Product features, eligibility, pricing and charges shall be documented in the relevant product note, sanction letter and Key Facts Statement, as applicable. The Company shall use a Risk-Based Pricing (RBP) system to decide the interest rates for all loan products

4. Approach for Gradation of Risk and Rational for Charging Different Rate of Interest

Interest rates may vary between borrowers and products based on objective risk factors such as borrower profile, income and repayment capacity, credit history, business vintage, loan amount, tenure, collateral/security, loan-to-value, geography, end-use, etc. The rationale for charging different rates shall be documented and communicated to the borrower through the sanction letter and Key Facts Statement. Any change in interest rate or charges shall apply prospectively only, unless required otherwise by law or regulation.

The interest rates proposed for different loans and advances extended by the Company to its borrowers are given below:

Products	Range of Interest Rate
Loan Against Property	From 10% to 32%
Business Loans/Working Capital Loans	From 10% to 32%
Term Loans	From 10% to 32%
Financial Institution Lending	From 10% to 32%

The Board of Directors or Whole-Time Directors, as authorized, may approve interest rates outside the above range based on documented justification and business exigencies.

5. Component for Determination of Interest rate

Interest rate pricing is determined by analysing the loan's structure and tenure, the Company's cost of funds and capital return targets, borrower credit risk and provisioning needs, alongside prevailing market competition and regulatory parameters, with the Company retaining full authority to adjust these factors dynamically.

6. Expected Return on Assets (ROA)

This component represents the minimum pre-tax return that the Company expects to generate on its lending portfolio to ensure business sustainability. Rakam Credit targets a baseline Return on Assets (ROA) of 3% to 4% under normal business conditions, which may be adjusted by management to adapt to exceptional market scenarios.

7. Prospective Revision

- Prospective Application: Any changes to interest rates or associated operational fees shall apply prospectively. Borrowers will be notified of such revisions through appropriate communication channels.
- Daily Balance Computation: Loan interest shall be calculated on daily reducing balances and charged at monthly rests or other periodic intervals defined in the loan agreement.
- Immediate Dues: Interest amounts are payable immediately on the designated due date without any grace period. Delays will directly impact the asset classification status of the account as per RBI norms.
- Rounding Off Rules: All interest calculations and cash transactions shall be rounded to the nearest rupee (fractions of 50 paise and above shall be rounded up, and fractions below 50 paise shall be ignored).

8. Classification and Regulation of Penal Charges

- **Ban on Compounding Penalties:** Any penalty charged to a borrower for late EMI payments or non-compliance with material loan terms shall be levied strictly as a flat 'Penal Charge'. Under no circumstances shall this be structured as 'Penal Interest' added to the base lending rate, and penalties shall never be capitalized (no interest will be computed on top of accumulated penalties).
- **Reasonableness and Consumer Parity:** The quantum of penal charges must be reasonable and directly proportional to the default. Furthermore, the penal charges levied on individual borrowers for non-business

loans must not be higher than the penalties applicable to corporate/non-individual borrowers for identical defaults.

- **Transparent Reminders:** Whenever default reminders are sent to a borrower, the applicable penal charges and the specific reason for their levy must be explicitly communicated.

9. Loan Foreclosure Prepayment Norms

- **Retail Floating Rate Protections:** The Company shall not levy any prepayment penalties or foreclosure charges on floating-rate term loans granted to individual borrowers for non-business purposes.

- **Company-Initiated Closures:** No foreclosure or prepayment fees shall be collected if a loan account is closed at the instance of the Company, including closures resulting from the settlement of insurance claims or the sale of repossessed collateral assets.

- **Borrower-Initiated Mergers:** If a borrower chooses to close an account to merge or consolidate the outstanding balance with a new loan facility, it will be treated as a standard foreclosure at the borrower's request, and charges will apply as per the active Schedule of Charges.

10. Annual Percentage Rate (APR) Disclosure & Insurance Rules

- Comprehensive Cost Disclosure: The Annual Percentage Rate (APR) represents the total annualized cost of credit to the borrower. Effective as per current regulatory timelines, the APR calculation must include the interest rate along with all fees, documentation charges, and expenses recovered on behalf of third-party service providers (such as legal verification, property valuation, or registration fees) and must be disclosed separately in the Key Facts Statement (KFS).

- Voluntary Insurance Framework: Credit-linked insurance is entirely voluntary and is not a mandatory credit charge. Borrowers may opt for insurance through the Company's channel partners or any independent insurer. If requested by the customer, the insurance premium may be funded through an additional loan disbursement made directly to the insurance company, and standard interest shall apply to that portion.

11. Policy Governance, Severability, and Board Amendments

- Severability Clause: If any term or provision of this Policy is found to violate applicable laws or RBI directions, that specific clause shall be considered severable from the document without affecting the legal validity and enforceability of the remaining sections.

- Board Oversight: This Interest Rate Policy constitutes the entire operating framework for pricing and fees. Any material modifications, updates to rate grids, or structural amendments must be approved directly by the Board of Directors of the Company.

Annexure

Schedule of Charges

PARTICULARS	CHARGES
Loan processing Charges	Up to 3% of Loan Amount
Bounce charges/ Instruction Revocation Charges / Dishonour charges	Rs. 500/- per Bounce
Cheque Swapping charges	Rs. 500/- per Swap
Foreclose Statement Charges	Rs. 2000/- per request
Documentation Charges	Up to 1% of loan amount
Property Valuation Charges	Rs. 2500/- per collateral
Property Legal Charges	Rs. 2500/- per collateral
Collection Visit Charges	Rs 500/- per visit
RTGS/NEFT Charges	Rs. 100 for every RTGS/NEFT transaction of disbursement
NACH Rejection Charges	Rs. 1000/- once in whole tenor post rejection of NACH mandate
Any Regulatory/Statutory Charges	As per actuals
Stamp Duty Charges	As per state's Stamp act
Penal Charges	3% per month of overdue amount till the date of remediation
Prepayment Charges	Up to 4 % of Principal Outstanding
Duplicate of property/ loan document	Rs.1000/-
ROC Filling Charges	As per actuals
Lender NOC Charges	Up to Rs. 20,000/-

Note:

1. Applicable GST charges shall be levied as per the statutory requirement.
2. The above charges are at maximum level, for any discount or waiver on above charges shall be approved by respective authorities.
3. GST and other government taxes applicable as per prevailing rate will be charged over and above the fees and charges.
4. Prepayment/ Foreclosure charges are not applicable in below cases irrespective of source of fund-
    a. Term Loan sanctioned to individuals on floating rate for other than business purposes.
    b. Facilities sanctioned/renewed to Individual or Micro or Small Enterprises (MSE) on Floating Rate on or after 1st Jan 2026 subject to production of valid Udhyam Registration Certificate (URC) validating entity falling under Micro & Small MSE at the time of closure request.

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