INTEREST RATE & SERVICE CHARGES POLICY

Of

FDPL FINANCE PRIVATE LIMITED

(FFPL)

Approval Date	Version History	Approval Authority
12-Dec-23	V-FY2301	Board of Directors
7-May-24	V-FY2402	Board of Directors
15-Oct-24	V-FY2403	Board of Directors
5-Jan-25	V-FY2404	Board of Directors
23-Dec-25	V-FY2501	Board of Directors

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1. DEFINITIONS AND INTERPRETATION

a. “Applicable Laws” means all applicable laws, statutes, enactments, acts of central or state legislature, ordinances, rules, regulations, notifications, guidelines, directions, directives, policies, circulars, decisions and any other pronouncements issued in accordance with the Companies Act, the RBI SBR Master Directions or any other law applicable to the jurisdiction of India by any central, state, local, or other governmental, administrative or regulatory authority exercising executive, legislative, judicial, regulatory or administrative functions.

b. “Board” means the board of directors of The Company.

c. “Companies Act” means the Companies Act, 2013, and rules and regulations issued thereunder, as amended from time to time.

d. “Credit Policy” means the credit policy of The Company, as amended from time to time.

e. “Interest Rate Policy” means this Interest Rate Policy as approved and adopted by the Board.

f. “NBFC” means a non-banking financial company.

g. “NBFC-BL” means a Base layer non-banking finance company as classified under the RBI SBR Master Directions.

h. “FDPL _” means The Company, a company incorporated under the Companies Act, 2013.

i. “RBI” means the Reserve Bank of India.

j. “RBI Act” means the Reserve Bank of India Act, 1934, as amended from time to time.

k. “RBI SBR Master Directions” means the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 issued by the RBI dated 19 October 2023, bearing reference number DoR.FIN.REC.No.45/03.10.119/2023-24, as amended from time to time.

l. “Risk Management Committee” means the risk management committee of The Company.

1.1 Interpretation

Unless defined expressly herein, all capitalised terms used in this Interest Rate Policy shall have the meanings assigned to them under the Companies Act, RBI SBR Master Directions, RBI Act, any notification, guideline and/or circular issued by the RBI from time to time and/or any other relevant policy or business document of The Company (as the case may be)

1.2 Preamble

This policy is formulated with reference to the Master Direction – Reserve Bank of India (Non-Banking Financial Company–Scale Based Regulation) Directions, 2023 [RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24] and Fair Lending Practice -Penal Charges in Loan Accounts [RBI/2023-24/53 DoR.MCS.REC.28/01.01.001/2023-24] issued by the RBI (as amended from time to time) (“RBI Master Directions”) advised Boards of Non-Banking Finance Companies (NBFC’s) to adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium etc., and determine the rate of interest to be charged for loans and advances.
Further, the directive states that the rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in

the sanction letter and also require Board of Directors of NBFC-BL to lay out appropriate internal principles in this matter.
In order to ensure its standards of transparency, in conformity with the stipulations of the RBI's directives and in compliance with the requirements of the RBI Regulations.

1.3 Objective

- To arrive at the benchmark rates to be used for different categories of borrower segments and to decide on the principles and approach of charging spreads to arrive at final rates charged from borrowers.
- Communicate the annualized rate of interest to the borrower along with the approach for gradation of risk and rationale for charging different rates of interest to different categories of borrowers.
- Make available the rates of interest and the approach for gradation of risks on the web-site of the Company.
- Adopt a uniform and consistent approach for determining the interest rates charged to different types of Borrowers.

1.4 Computation of The Interest Rate For Lending With Risk Gradation Based Pricing

FFPL, an RBI-registered NBFC, primarily operates in the business of unsecured personal loans. The unsecured personal loan products include providing loans and credit facilities of various types to consumers, individuals, and/or merchants. These offerings comprise personal credit lines, revolving lines of credit, loans, easy monthly installments (EMIs), and equated daily installments (EDIs). The company primarily offers these loans and facilities through its digital platforms. Additionally, FFPL provides loans and credit facilities based on origination done by its partners, who operate their own digital lending platforms. The unsecured personal loan products are typically offered through automated means, which include borrower acquisition, loan application processing, collection, and recovery, in compliance with applicable laws.

Pricing Philosophy-

A. The Company follows a risk-based pricing model in accordance with the interest rate model described in this Interest Rate Policy and the interest rates may vary within a range depending on the lending model and business segment of The Company (i.e., type of loans and borrowers).

B. Interest rates offered by The Company can either be on a fixed basis or floating/variable basis based on the factors set out in subsequent paragraph.

C. Interest rates will be computed on an annual basis to enable the borrower to be informed of the exact rate being levied by The Company but may be charged by The Company on a periodic basis as agreed between the borrower and The Company in the relevant loan documentation.

D. Interest rates are not standardized and may vary within a range based on the type of loan, type of borrower as well as the factors set out in subsequent paragraphs below. An indicative schedule of interest rates being levied by The Company for various types of lending products offered by The Company is detailed in Annexure 1.

E. The Company will not charge excessive interest rates as compared to prevailing market trends.

2. FACTORS FOR CALCULATION OF INTEREST RATE

The rate of interest to be levied by The Company is considered on a case to case basis and is evaluated taking into account various variables such as day count fractions, type of loan, tenor of loan, EMI vs EDI, nature of security and/or collateral (where applicable), market volatility, industry trends, etc. These factors can be categorized into two broad heads:

2.1 Internal Factors:

The Company determines interest rates by taking into account various elements based on internal assessments, procedures, principles, methods, etc., such as the following;

- Nature of lending (type and form of loan, frequency of repayment, tenor of loan, secured/unsecured, completely paperless and non-physical model);
- Nature of security/collateral in relation to the loan;
- Internal cost factors (including but not limited to operational costs, overall exposure costs, administrative costs, fixed and variable costs, business costs and margins);
- Risk exposure to cover credit and other risks;
- Borrower risk profile based on the credit assessment undertaken by The Company. Risk profile is graded basis the factors detailed in Annexure 2;
- Any other factors considered relevant by the Risk Management Committee from time to time; and

2.2 External Factors:

Calculation of interest rates also depends on various external factors outside the ambit of The Company such as the following:

- Market conditions and trends (such as market liquidity, interest rates prevailing in the market, regulatory and statutory changes, changes in capital requirements, credit and cyclical conditions);
- Prevailing and anticipated industry trends such as interest rates offered by competitors;
- Inherent credit and default risk in similar business or category of borrowers, particularly trends with sub-groups/borrower segments of the loan portfolio;
- Cost of funds on borrowings and costs incidental to borrowing after considering average tenure, market liquidity and refinancing avenues; and
- Any other factors considered relevant by the Risk Management Committee from time to time.

The Company intimates its borrowers the loan amount through the Key Fact Statement, the annualized percentage rate (APR) and the annualized rate of interest, any other fees which is applicable for the loan at the time of sanction of the loan along with the tenure, the amount and the due dates of the monthly installments.

The Interest Rate Model of the Company would largely depend on the following factors:

2.3 Base Interest Rate Details Of Loan Product

1) **Cost Of Borrowing:** Cost of borrowing would be a function of the Company's operational effectiveness as perceived by the banks, the liquidity situation in the country's financial markets, the general borrowing rates of NBFCs in similar vintage, scale and size, the term of the loan required for the product and the ability of the product to access funds either from domestic or international institutions. Efforts would be made to ensure that the borrowing cost is the minimum possible and efforts would be made to pass on any reductions in these costs to the customers.
The rate of interest charged is also affected by the rate at which the funds necessary to provide loan facilities to its borrowers are sourced, normally referred to as the Company's external cost of funds.
The Company currently borrows funds through term loans, ICDs, Non-Convertible Debentures from the investors.

2) **Fund Raising Cost:** It includes processing fees on term loans, brokerage to source funds through NCD, Rating Fee (if applicable), trusteeship fee etc.

3) **Operational Cost Of Sourcing, Collection And Loan Administration:**
The Company has different channels of sourcing and collections of its loan product which may include sourcing through digital platform or through lending service providers, direct selling agents, employees of corporate empaneled with LSPs. The loan management cost incurred by the company for sourcing, collection and administration of its loan product should be factored into all transactions. The interest rate charge will depend on the term of the loan; structure of the loan; terms of payment of interest.

4) **Risk Profile Of The Loan Product:** Depending on customer occupation, customer income (imputed or provided by customer), geographical specifications (where we are operational), credit underwriting processes (bureau score, no of tradelines, write-off history, delinquent status etc.), the base credit risk profile of customer is assessed and appropriate classification is carried out in the system. The expected credit costs of a loan product will be compared against actual performance on an ongoing basis and may vary based on both micro and macro factors.

5) **Expected Contribution To Common Overhead And Gross Margins:**
The above factors cover:
the cost aspect of the Company's lending, in addition to which the interest income has to cover customer acquisition costs, head office / corporate expenses, managerial expenses, technological expenses, operational cost, variable costs, sales and marketing expenses and other opex cost. This aspect of the cost to the borrower is directly in control of the Board and the management and both of them will make efforts and keep constant vigil that the margin applied over these costs is kept within the reasonable limits in order not to burden our customers.

6) **Deliquency Cost** – As a matter of prudence, cost of delinquency shall be factored into all transactions. This cost is then reflected in the final interest rate quoted to its borrowers.

7) **ROE:** Internal cost of funds being the expected return on equity issued, is also a factor. The interest rate charged will also take into account costs of doing business. Fixed rate loans are not linked to benchmark but are decided based on their Operational expenditure,

Business related risks and desired ROE/ROA. Factors affecting calculation of ROE are mentioned below:

The rates of interest are subject to change as and when the situation warrants and are subject to the discretion of the Management and/or changes to extraneous cost factors which has a say in the setting up of the interest rate. Any revision would be from prospective effect.

Interest rates shall be intimated to the borrowers at the time of sanction/ availing of the loan and the equated instalments/Balloon Payment/Bullet payment apportionment towards interest and principal dues shall be made available to the borrowers.

2.4 Gradation Of Loan Based On Risk Assessment:

FFPL grants credit facilities to the individual borrowers "borrowers" who typically do not have high credit scores. The individual assessment criteria for the customer credit grading undergoes different checks during the KYC and on boarding process to ensure proper risk categorization of our borrowers. When assessing credit transactions, the Company focuses on critical principles as follows:

1. Profile including usage of internal credit scoring models, leveraging traditional approaches like bureau score as well as alternative data sources, etc.
2. Tenure of relationship with the borrower, past repayment track record and historical performance of our similar clients;
3. Borrower income and profile, overall customer yield, future potential, repayment capacity based on financial Leverage, liquidity, sources of income, and other financial commitments of the borrower, mode of payment;
4. Interest, default risk in related credit segment;
5. Regulatory stipulations, if applicable;
6. And any other factors that may be relevant in a particular case.

2.5 The Risk Gradation pricing is done as follows:

Internal underwriting models based on borrower's credit history, repayment pattern and overall exposure/indebtedness information received from Credit Bureaus and alternate sources of data, leads to the decision whether the customer's application can be approved or not.

2.5.1. Processing / Documentation And Other Charges

Cost of sourcing (customer acquisition cost) and handling the loan application is charged as processing fees. There are several processes that are implemented to cover all the customers before approval. The costs incurred towards the implementation of these processes are recovered from the customers whose loans are approved in the form of processing fees. The fees will vary based on the loan product, geographical location, customer segment, size, tenor of loan and risk associated with the application and generally represent the cost incurred in rendering the services to the customers. Depending on the loan tenure the fees charged is between the range of 4%- 10%. The management regularly reviews the processing fees levied and can change the processing fees at any point of time. All processing / documentation and other charges recovered are expressly stated in the Loan documents.
The practices followed by other competitors in the market would also be taken into consideration while deciding the charges.

All applicable taxes/stamp duty shall be charged as per the guidelines issued by the Government from time to time.

2.5.2. Penal Charges/ Late Payment Charges

Penal Charges - Besides normal interest, the Company may levy penal charges for noncompliance of material terms and conditions of loan contract by the borrower.

These additional or penal charges for different products or facilities would be decided by the respective business / product heads. The penal charges shall not capitalised i.e., no further interest computed on such charges and shall be governed by the Board approved penal charges policy of the Company. Suitable grace period will be built in the KFS for payment post due date during which such penal charges will not be applicable.

Other charges/fees - Cheque bouncing charges, cheque swap charges, legal charges, would be levied by the Company wherever considered necessary. Besides these charges, stamp duty, documentation charges, GST and other cess would be collected at an applicable rate from time to time, as communicated in the documentation provided. Any revision in these charges would have a prospective effect and will be communicated to the borrower.

Grace Period: 5 days from the due date of instalment.

While deciding the charges, the practices followed by the competitors in the market The quantum and reason for aforesaid charges shall be clearly disclosed to the customers in the loan agreement and sanction letter/Key Fact Statement (KFS) as applicable and be displayed on the website.

3. REVIEW OF POLICIES

The Policy shall be reviewed annually or more frequently if changes are required in the model, such as additions/ deletions of specific components forming part of the benchmark calculation. The Policy will be reviewed yearly or as deemed necessary by the Board of the Company. Any change or amendment to this Policy shall at all times comply with the applicable laws and RBI master directions.

4. DISCLOSURE TO BORROWER:

1. The loan amount, annualized rate of interest, tenure, amount of equated monthly instalments shall be disclosed at the time of sanction of the loan. The quantum and reason for Penal Charges shall be explicitly disclosed by the Company to the borrowers in the Financing Documents, including the most important terms & conditions/ Key Fact Statement (KFS) as applicable. Additionally, this information will be displayed on the Company website under Interest rates and service charges. Whenever reminders for noncompliance with the material terms and conditions of the facility are sent to borrowers, the applicable Penal Charges shall be communicated to them. Furthermore, any instance of the levy of Penal Charges and the reason thereof shall also be communicated to the borrowers. This Policy will be available on the Company's website in accordance with the Company’s Fair Practices Code and the guidelines of RBI.

2. *Note: The policy shall be read in conjunction of the Loan Policy and fair Practice code of the Company. The loan products profile of the Company is appended as Annexure A.

   Form of Documentation

   The loan documentation of The Company and all related documents (including communications sent to, or received by, the borrower) may either be in physical or electronic form.

Annexure-1

Sr. No	Product	Interest Rates	Tenure	Loan Amount (Bracket)
1	Salary Advance (Direct Credit Loan)	0%-42%	Upto 60 days	Rs. 1500 -Rs 50,000
2	Earned Wage Access (EWA)	12% -36%	Upto 45 Days	Rs. 1,000 - Rs. 15,00,000
3	Demand & Call Loan (DnC)	12% - 42%	Upto 11 months	Rs. 40,000 - Rs.2,00,000
4	Personal Loan (Unsecured)	12% -39%	3 Months – 48 Months	Rs. 50,000 - Rs.5,00,000
5	MerchantLoan (Unsecured)	12% -39%	3 Months – 12 Months	Rs. 10,000 - Rs.1,00,000

Product	Salary Advance(Direct Credit Loan)	Earned Wage Access (Employee Liability)	Earned Wage Access(Corporate Liability)	Demand & Call Loan (DnC)	Personal Loan	Merchant Loan
Rate of Interest	0% -42%	12% - 36%	12% - 30%	12% -42%	12 % -39%	12% -39%
Tenor	Upto 60 Days	Upto 45 Days	Upto 45 Days	Upto 11 months	3 Months - 48 Months	3 Months - 24 Months
Amount	Rs. 1500 -Rs 50,000	Rs. 1,000 - Rs.25,000	Upto 15 Lacs	Rs 40,000 - 200,000	Rs. 15,000 - Rs.5,00,000	Rs. 3,000 - Rs.1,50,000
One Time Login Fees	Rs. 100	NIL	NIL	NIL	NIL	NIL
Processing Fees	Upto 10% or Rs. 350, whichever is higher	Upto 5%	upto 4%	Upto 8%	Upto 8%	Upto 10%
Account Maintenance Charge (AMC)	NA	NA	NA	Upto 6%	NA	NA
Penal Charges (per Default)	48% pa of Principal Outstanding amount on number days overdue	48% pa of Principal Outstanding amount on number days overdue	48% pa of Principal Outstanding amount on number days overdue	48% pa of Principal Outstanding amount on number days overdue	Rs. 500	Rs. 500
Grace Period on Penal Charges	3 Days from Due Date					
Cheque Bounce/Nach Bounce(per Bounce)	150				500	
Pre Payment/Foreclosure Charges	NIL					
Documentation Charges	NIL					
Legal/Recovery Charges	As per Actuals					

The above Charges & Fees are exclusive GST Processing fee is charged on Sanctioned loan amount. Any waiver of charges be permitted subject to approval of appropriate authorityPenal charges levied on borrowers by whatever name shall not be capitalised.No additional component can be added to the rate of interest in the form of 'Penal Interest'.There shall not be any additional rate of interest / premium / default interest payable on default by the borrower.

Note:

(i) The Interest Rates specified above are indicative only and are subject to change. The Interest Rate recorded in facility documents will be binding over this site.

(ii) The Interest Rate shown are on per annum basis on the outstanding amount.

(iii) The Company reserves the right to revise the Interest Rate from time to time, at its sole discretion.

FDPL Finance Pvt. Ltd.

ANNEXURE 2

Factors considered in determining risk profile of borrowers:

S. No.	Factors Considered	Description
1	Profile and financial stability	Each borrower's financial health and standing are assessed by analysing various factors such as employment history, income stability and overall financial management practices.
2	Credit history (vintage on bureau, bureau profile, repayment across trade lines, enquiry trend etc.)	Each borrower's credit history is assessed in detail, including reviewing their credit bureau report, examining payment history across various credit lines, and counting all credit inquiries to ensure a complete understanding of their credit behaviour.
3	Duration of relationship with the Borrower	Length of the relationship with each borrower is considered, as a longer association provides us with greater insights into borrower creditworthiness and repayment habits, which is crucial for a comprehensive financial evaluation.
4	Default risk in related borrower segment	Historical default rate among borrowers with similar characteristics to the borrower in question is considered. This provides insights into the overall risk associated with lending to borrowers in a particular segment.
5	Income of the borrower	The borrower's loan repayment capacity is evaluated by considering their income level. A borrower in a high income bracket is viewed as more likely to maintain stability and make timely repayments.
6	Fixed Obligation to Income ratio	The borrower's repayment capacity is evaluated by comparing their monthly debt obligations to their monthly income. A borrower with minimal debt has greater financial flexibility within their budget to meet loan repayment obligations compared to a borrower burdened with high debt.
7	Geographic (location) of the Borrower	Economic conditions and historical default rates in the borrower's geographic location are taken into account. Borrowers from regions with strong economic growth and low unemployment rates are typically seen as having a reduced likelihood of default.
8	Regulatory stipulations, if applicable	Any applicable regulatory stipulations are also duly taken into consideration.
9	Any other factors on a case-by case basis, as applicable.	In addition to the above factors, any other relevant information is also considered on a case-by-case basis. This could include the borrower's assets and other factors that may impact their ability to repay the loan.