



POLICY ON INTEREST RATE AND CHARGES



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1. INTRODUCTION:

The Reserve Bank of India ("RBI") vide [Master Direction – Reserve Bank of India \(Non-Banking Financial Company – Scale Based Regulation\) Directions, 2023](#) has laid out in Chapter VII - Fair Practices Code for all applicable Non-Banking Financial Companies ("NBFCs") and has directed all NBFCs to lay down appropriate internal principal and procedures in determining rates of interest, processing fees, other charges and make available the rates of interest and the approach for gradation of risks on their website.

In compliance with the aforesaid regulatory requirements and the Fair Practices Code adopted by the Akara Capital Advisors Private Limited (hereinafter referred to as "Akara" or the "Company"). With a view to institute fair and transparent dealings in the lending business, the Company has adopted and put in place the Interest Rate Policy broadly outlining the Interest Rate Model and the Company's approach of risk gradation in this regard.

2. REVIEW AND APPROVAL OF THE POLICY:

This policy is approved by the Board of Directors of the Company and the Company has adopted the Policy on Interest Rate and Charges taking into account relevant factors such as cost of funds, margin and risk premium and determining the rate of interest to be charged for loans and advances. Any revision in the Policy shall be reviewed by the relevant teams and approved by the Board of Directors.

3. DISCLOSURES:

As per extent regulation and in terms of this Policy, following disclosures shall be made:

- 3.1. The rate of interest and the approach for gradations of risk and the rationale for charging different rates of interest to different categories of borrowers shall be disclosed by the Company to the borrower or customer in the application form and will be communicated explicitly in the sanction letter.
- 3.2. The rate of interest and the approach for gradation of risks shall also be made available on the website of the Company. The information published on the website shall be updated whenever there is a change in the rate of interest.
- 3.3. The annualized rate of interest shall be disclosed so that the borrower is aware of the exact rates that would be charged to the loan account.
- 3.4. Any change in the rate of interest or other charges, as applicable, shall, be made prospectively and the same shall be adequately disclosed in the loan agreement, sanction letter and Key Fact Statement ("KFS").
- 3.5. The quantum and reason for Penal charges shall be clearly disclosed to the customers in the loan agreement, Key Fact Statement, in addition to rate of interest and other charges being displayed on the Company's website.



4. PRINCIPLES FOR DETERMINING THE RATE OF INTEREST:

This policy for the Interest Rate model state that the interest rate or other rates and costs charged to the Borrower shall be based on the following broad parameters:

1. Risk profile of the borrower
2. Tenor of the Loan
3. Cost of borrowing funds – Internal as well as external
4. Credit score of the borrower
5. Credit and default risk in the related business segment
6. Historical performance of similar kind of customers
7. Prevailing Interest rate trends in the money market
8. Treasury bill rates and the sovereign yield curve
9. Market scenario relating to credit risk premia/default premia including CDS spreads
10. Internal Cost of doing business
11. Interest rate offered by other NBFCs in the industry
12. Loan documentation and maintenance fee
13. Cost for portfolio monitoring
14. Customer communication cost
15. Recovery cost
16. Other factors that may be relevant in each case.

The rate of interest and/or charges for the same loan product and same tenor availed during the same period by different customers need not to be standardized as it can vary for different customers based on consideration of any or a combination of above parameters.

5. RATE OF INTEREST:

Rate of Interest shall be offered based on the parameters as explained above.

- a) Our loans range from INR 1,000/- to Rs. 10,00,000/- with repayment periods starting from 1 month to 36 months.
- b) The interest rates range will be capped from 0% - 72% , however, rates may vary from case to case. Most loans are paid through Equal Monthly Installments (EMIs) via electronic payment or deduction from the employer as per loan agreement.
- c) The interest re-set period for variable rate loans would be decided by the Company from time to time. The interest could be charged on monthly or on such rest as communicated in the loan sanction terms.
- d) Interest rates would be intimated to the customers at the time of sanction/availing of the loan and EMI apportionment towards interest and principal dues would be made available to the customer.
- e) The interest shall be deemed payable immediately on the due date as communicated and no grace period for payment of interest is allowed. Besides normal interest, the Company may levy additional/penal charges for delay or default in making payments of any dues.



- f) The changes in the interest rates and related charges would be prospective in effect and intimation of change of interest or other related charges would be given to customers in a mode and manner deemed fit.

Please refer Annexure – I: Pricing Grid of Interest Rate.

6. PENAL CHARGES IN LOAN ACCOUNTS:

The Company is to ensure that Penalty, if charged, for non-compliance of material terms and conditions of the loan contracts by customers, shall be treated as 'Penal Charges'. It shall not be levied in the form of 'Penal Interest' that is added to the rate of interest charges on loan and advances.

There shall be no capitalization of Penal Charges (i.e. no further interest computed on such charges). However, this will not affect the normal procedures for compounding of interest in the loan account.

The Company is to ensure that the quantum of Penal Charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory with a particular loan / loan product. The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.

- A. Event of default which will attract Penal Charges:
- i. When Equated Monthly Installment ('EMI') becomes due.
 - ii. Breaches to any other important or material terms and conditions of the loan contract. However, materiality would be determined by the Company as to what constitutes material breach.
- B. Penal Charges:
- i. The Company will levy Penal Charges equal to monthly interest rate or up to @5% per month fixed of the EMI outstanding amount, which ever is lesser.
 - ii. Cheque or ENACH bouncing charges: Rs 500 plus GST (Currently Rs 590).
- C. Unregistered NACH Charges: Rs 500 plus GST (Rs 590).

7. OTHER FEES AND CHARGES:

- i. Besides interest, other financial charges like processing fees, origination fees, platform fees, recovery/collection charges, re-scheduling charges, payment gateway charges, cheque swap charges, security swap charges, charges for issue of statement account, customer care, credit assessment, ECS/ Direct Debit/ ACH mandate registration/ lodgment/ handling or for any other service provided by the Company or cost incurred by the Company for the provision of services related to the loan granted to the customers or as per schedule of charges communicated by the company from time to time or cost towards an expense incurred by the Company for the recovery of the loan. Besides these charges, service tax and other cesses, if any, would be collected at applicable rates from time to time. Any revision in these charges would be prospective in effect.
 - a. **Transaction Fees:** This fee is levied for Free Credit period (FCP) customers and customers who intent to exit within the cooling off period - 2.15% plus GST.



- b. **Platform Fees:** In case the FCP loan is converted into EMI, this fee is charged. The fee is in 3- 5% range.
- ii. These fees and charges may vary based on the loan type, exposure limit, expenses incurred, and customer segment and generally represent the costs incurred in rendering the services to the customer. All such fees and charges shall be clearly communicated to the customer by way of a sanction letter, KFS, financing documents and the schedule of charges notified by the Company from time to time.
- iii. The Company may also levy and collect charges and penal charges, for delay or late payment of loan instalment and other dues to the Company and bouncing of ECS/ Direct Debit/ ACH.
- iv. The Company may also levy and collect charges for loan documentation, portfolio monitoring, recovery of loan or for other facilities and services provided based on market standards. The details of the charges will be as per the schedule of charges.
- o Field Verification Charges – In certain product segments where verification of customer address/profile is required, there will be a Contact Point Verification Charge (CPV)
 - o CPV Charge; Rs 299 plus GST (currently)

8. WAIVER / REFUNDS:

No claims for refund or waiver of charges / penal charges / additional charges for loan documentation, portfolio monitoring, recovery of loan or for other shall normally be entertained by Akara and it is at the sole discretion of the Company to deal with such requests, if any.



ANNEXURE – I: PRICING GRID

I. Liber8:

Card to Card (“C2C”): Customers having active and well performing Credit Card in the Bureau

| Credit Card Age | Score | ROI with CC utilization <70% (PM) | PF (PM) | ROI with CC utilization >70% (PM) |
|-----------------|---------|-----------------------------------|---------|-----------------------------------|
| 12-18 | 675-700 | 3.5 | 4.75 | 4 |
| | 701-750 | 3.5 | 4.5 | 4 |
| | 750+ | 3 | 4 | 3.5 |
| 18-24 | 675-700 | 3.5 | 4.5 | 4 |
| | 701-750 | 3.25 | 4 | 3.75 |
| | 750+ | 3 | 3.5 | 3.5 |
| 24+ | 675-700 | 3.5 | 4.5 | 4 |
| | 701-750 | 3.25 | 4 | 3.75 |
| | 750+ | 3 | 3.5 | 3.5 |

Extended C2C: Customers having active personal loan/mortgage/car loan in the Bureaus

| Bureau Score | Pricing. | |
|--------------|----------|---------|
| | ROI (PM) | PF (PM) |
| 675-699 | 3.75% | 4.50% |
| 700 to 750 | 3.50% | 4.25% |
| 751+ | 3.50% | 3.75% |

Banking:

| Min Salary | Bureau Score | FOIR | Tenure | Guardrail (Rs.) | Rate (PM) | PF (PM) |
|------------|--------------|------|--------|-----------------|-----------|---------|
| Rs 15000 | 700-750 | 70% | 12 | ₹ 50,000 | 4.25% | 4.50% |
| | 750-800 | 70% | 12 | ₹ 50,000 | 4.00% | 4.25% |
| | 800+ | 70% | 12 | ₹ 60,000 | 3.75% | 4% |



II. Sentinel:

New to Credit:

| Category | Credit Limit | Bureau | ROI (Reducing) % | | PF | Transaction fee | Tenure |
|----------|--------------|--------|---------------------|--------|-------|-----------------|--------|
| | | | PM | PA | | | |
| NCO | 2,00,000.00 | NTC | 2.22% | 26.61% | 0.50% | 2.00% | 24 |
| JCO | 2,00,000.00 | NTC | 2.07% | 24.89% | 0.50% | 2.00% | 24 |
| Officers | 2,00,000.00 | NTC | 1.93% | 23.17% | 0.50% | 2.00% | 24 |

Bureau score >=650 but <700:

| Category | Credit Limit | Bureau | ROI (Reducing) % | | PF | Transaction fee | Tenure |
|----------|--------------|-------------------------------|---------------------|------|-------|-----------------|--------|
| | | | PM | PA | | | |
| NCO | 2,50,000.00 | >=650 but less than 700 | 1.93 | 23.2 | 0.50% | 2.00% | 24 |
| JCO | 5,00,000.00 | >=650 but less than 700 | 1.93 | 23.2 | 0.50% | 2.00% | 36 |
| Officers | 10,00,000.00 | >=650 but less than 700 | 1.75 | 21 | 0.50% | 2.00% | 36 |

Bureau score 700 and above:

| Category | Credit Limit | Bureau | ROI (Reducing) % | | PF | Transaction fee | Tenure |
|----------|--------------|--------|---------------------|----|-------|-----------------|--------|
| | | | PM | PA | | | |
| NCO | 3,00,000.00 | 700+ | 1.75 | 21 | 0.50% | 2.00% | 36 |
| JCO | 5,00,000.00 | 700+ | 1.75 | 21 | 0.50% | 2.00% | 36 |
| Officers | 10,00,000.00 | 700+ | 1.5 | 18 | 0.50% | 2.00% | 36 |



Akara Capital Advisors Private Limited
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Version 3.0

III. Elev8:

| Category | Credit Limit | Bureau | ROI (%) (PM) | PF (%) | Credit Shield Fees (%) | Tenure (in days) |
|----------------|--------------|-----------------|--------------|--------|------------------------|------------------|
| Elev8 Offer | 24,000 | 1000 | 2.42 | 10.00 | 0.39 | 180 |
| Elev8 Crown | 15,000 | >=706 upto 1000 | 4.00 | 8.00 | 0.29 | 90 |
| Elev8 Diamond | 9,000 | >=706 upto 1000 | 5.41 | 9.45 | 0.65 | 90 |
| Elev8 Platimun | 7,500 | >=669 upto 705 | 6.00 | 17.33 | 0.78 | 90 |
| Elev8 Gold | 5,000 | >=477 upto 668 | 6.00 | 20.00 | 1.18 | 30 |
| Elev8 Silver | 3,000 | >=477 upto 1000 | 5.8 | 16.67 | 1.96 | 30 |

NOTE:

- The interest rate is indicative and the final rate is arrived basis the gradation of risk. Indicative interest rate as communicated above is subject to change at any point of time and subject to the sole discretion of the Company.
- The pricing would inter-alia be based on due negotiation (where applicable) with the client and/or credit assessment parameters being followed by the Company.