

POLICY ON INTEREST RATE AND CHARGES
OF
AKARA CAPITAL ADVISORS PRIVATE LIMITED

The Reserve Bank of India ("RBI") vide Master Direction – Non–Banking Financial Company – Systemically Important Non–Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 has laid out in Chapter – VI (Fair Practices Code for applicable NBFC) has directed all Non–Banking Financial Companies ("NBFCs") to make available the rates of interest and the approach for gradation of risks on their website (Reference: RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/ 03.10.119/ 2016-17 | Link: https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10586)

In compliance with the said regulatory requirements and the Fair Practices Code adopted by the Akara Capital Advisors Private Limited (hereinafter referred to as the "Company"), the Company has adopted this Interest Rate Policy broadly outlining the Interest Rate Model and the Company's approach of risk gradation in this regard for its lending business.

This policy is approved by the Board of directors of the Company and the Company has adopted the interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances.

In terms of this policy, 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. Further, the rates 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 rates of interest. The rate of interest will also be communicated in annualized rate so that the borrower is aware of the exact rates that would be charged to the loan account

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.

Our loans range from ₹1000 to ₹5,00,000 with repayment periods starting from 3 months to 36 months. The interest rates range from 11.99% - 59.99% APR (Annual Percentage Rate), however, rates may vary from case to case. All loans are paid through Equal Monthly Installments (EMIs) via electronic payment.

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.

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.

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 NBFC may levy additional/penal interest for delay or default in making payments of any dues. 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.

Besides interest, other financial charges like processing fees, origination fees, cheque bouncing charges, late payment charges, re-scheduling charges, cheque swap charges, security swap charges, charges for issue of statement account, customer care, credit assessment, ECS/ Direct Debit/ ACH mandate registration/ lodgement/ 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.

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, financing documents and the schedule of charges notified by the Company from time to time.

The Company may also levy and collect charges and penalties, for delay or late payment of loan instalment and other dues to the Company and bouncing of ECS/ Direct Debit/ ACH. Claims for refund or waiver of charges / penal interest / additional interest would normally not be entertained by the Company and it is at the sole discretion of the Company to deal with such requests.

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 as per the schedule of charges.

Any revision in the Company's interest rate model would be reviewed by the relevant teams and approved by the Board of Directors.