



Sugmya Finance Private Limited

INTEREST RATE POLICY

Issuing Department: Internal Process & Policy

Approved By: Board

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Registered Office: Office No.307/308, 3rd Floor Plot No. 17, Sachdeva Tower, Community Centre Karkardooma Delhi 110092

INTEREST RATE POLICY

SUGMYA FINANCE PRIVATE LIMITED

Interest Rate Policy

1. PREAMBLE/INTRODUCTION

SUGMYA FINANCIAL PRIVATE LIMITED ('Sugmya') is a Non-Banking Financial Company ('NBFC') operating under Reserve Bank of India ('RBI') regulations/directions and its activities are governed by the various Indian laws and RBI regulations/directions.

This Policy is intended to be representative of Sugmya guiding philosophy of dealing with customers in a transparent and open manner. Though interest rates are not regulated RBI, rates of interest beyond reasonable level and not commensurate to the risks undertaken for the particular transaction may be seen to be excessive and not conforming to normal financial practice. Thus, in accordance with the RBI guidelines on Fair Practices Code for NBFCs, Sugmya has documented Interest Rate Policy /Model approved by the Board of Directors which lays down internal principles and procedures in determining interest rates and other charges on the loan products offered by Sugmya.

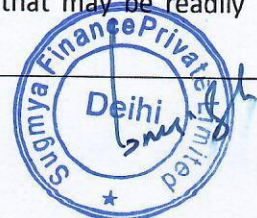
Sugmya is committed to and conducts its business activities lawfully and in a manner that is consistent with its compliance obligations. Activities of Sugmya are conducted in line with RBI /Company Law and prevailing local regulations /rules /laws /Acts. In the event this Policy is at variance with regulations/rules/laws/Acts at any stage due to missions or changes in regulations/rules /laws /Acts, the regulations /rules /laws /Acts would prevail. If any clarifications are needed on these regulations/rules /laws/Acts, the same must be referred to Compliance Officer for its final opinion on the issue.

The business model of Sugmya includes structured and mid-market lending. Internal Rate of Return ('IRR') (comprising the aggregate running coupon and premium, if any, payable on redemption) shall depend upon the type of lending and shall generally be in the range of 29% - 34.98% per annum (excluding upfront or back ended fees) based on the evaluation of various risks detailed hereunder.

2. ESTABLISHING AN INTEREST RATE

The interest rate applicable to a particular loan will be determined by reference to a few factors, including:

- a) **Tenor of the loan-** The interest rate charge will depend on the term of the loan.
- b) **Internal and external costs of funds-** The rate of interest charged is also affected by the rate at which the funds necessary to provide loan facilities to customers are sourced, normally referred to as internal cost of funds. All loans or credit facilities should, at minimum, provide an IRR) or a life to average maturity yield of ~21%. For floating rate loans, the Benchmark interest rate that may be used by Sugmya could be either the reference rate of any leading commercial bank or any other reference rate such as spread over, commercial papers etc. that may be readily available in the market.



- c) **Internal cost loading** - The interest rate charged will also take into account costs of doing business.
- d) **Credit risk** - As a matter of prudence, bad debt provision cost should be factored into all transactions. This cost is then reflected in the final interest rate quoted to a customer. The amount of the bad debt provision applicable to a particular transaction depends on the credit strength of the customer. Factors such as the complexity of the transaction, the size of the transaction and other factors that affect the costs associated with a particular transaction should be taken into account before arriving at the final interest rate quoted to a customer.
- e) **Fixed versus floating** – the applicable interest rate shall also be commensurate from the perspective of the fixed versus floating interest rate requirements of the customers and shall have to be decided in view of the benchmarks deliberated in point above.
- f) **Interest Rates for App-based Loans and Penal Charges** -

Interest on the Loan	: Interest rates vary between 29% - 34.98% p.a. based on different products charged from the date of disbursal until the date of repayment.
Processing Fee	: Lender will charge a processing 3% of the loan amount whichever is higher, plus applicable taxes.
Late Fee	: No late fees on IGL whereas on BL/MSME loans company will charge Late fees in case of delay in payment of amount due, charges shall be INR 500/- with 7 days of the default and additionally INR 200/- charged if default days are greater 7 days.
Maximum interest rate	: The Interest rate on the loan shall not exceed 34.98% per annum
The Lender, may at its sole discretion, waive or reduce the charges as mentioned above, on a case-to-case basis.	

3. PROCEDURAL ASPECTS

- A. *Sugmya shall communicate with the customer.*
- a) The amount of loan sanctioned along with the terms and conditions including annualized rate of interest.
- b) Details of the default interest / penal interest rates (expressed in percentage per month /annum as the case may be) and the charges payable by the customers in relation to their loan account and method of application thereof (penal interest charged for late repayment of loan would be mentioned in bold in the loan agreement).
- c) Terms and conditions and other caveats governing the credit given by Sugmya arrived after negotiation.



- d) In case of any change in any of the terms and conditions / caveats / any information which is relevant from the point of view of the transaction (including annualized rate of interest), the same shall be conveyed to the customer as an addendum / additional annexure to the agreement/term sheet. However, all the relevant formalities (e.g., further legal documentation, approval of customer, certification of Sugmya officials etc.) relating to such change shall be documented and a copy of the same shall also be sent to the customer. The same may be communicated through electronic media or any other form of communication.

The acknowledgement of the receipt of the said additional document shall also be preserved on the records by Sugmya officials.

- e) Changes to interest rates and charges, other than as documented in the loan agreement, will be affected prospectively.

B. Details of interest on the website

Sugmya will display its interest rate policy and board interest rate structure on its website in line with RBI Directions/Regulations.

4. AMENDMENT TO THE POLICY

This Policy shall be reviewed by the Board as and when any changes are required in the Policy.

Important Notes: -

Review of this policy would be undertaken annually and will be subject to approval by the Board/Any change in document by way of additions and amendments due to changes in laws, regulations, accounting standards, etc. would follow change management process and adequate version control.

Director

