

Lendingkart Finance Limited

Policy on Interest Rate, Penalties and Other charges for Business Loans - Secured

Summary of Policy

Policy Title	Policy on Interest Rate, Penalties and Other charges for Business Loans - Secured
Policy Owner	Head of Business, Lendingkart Finance Limited
Original Issue Date	12 th August, 2026
Effective Date of Revision	12 th August, 2026
Next Review Date	August, 2027
Policy Version	1.0
Functional Aspects checked by External Consultant	Yes
Board Approved	Yes
Regulatory Guidelines/ Notifications/ Circulars	RBI Directions on Responsible Business Conduct for NBFCs dated 28 November, 2025 and any subsequent revisions issued by the RBI

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Approval authority

Signing Authority	Designation	Date	Signature
Board Approval			
Board of Directors	Members of the Board	12 th August, 2026	
Recommended by			
Committee Members	Risk Oversight Committee	11 th August, 2026	
Committee Members	Asset Liability Management Committee (ALCO)	20 th July, 2026	
Management Approval			
Mr. Prashant Joshi	MD & CEO	13 th July 2026	
Mr. Saurabh Jain	Head of Business	3rd July 2026	
Mr. Manohar Chadalavada	Chief Risk Officer	13 th July 2026	
Reviewed by			
Mr. Srichanth Nair	Business Head - Secured	1st July 2026	
Ms. Anisha Seth	Chief Financial Officer	3rd July 2026	
Mrs. Aakanksha Singh	Chief Compliance Officer		
Mr. Magesh Iyer	Head, Operations		
Mrs. Kumudini Aggarwal	Group General Counsel		
Mr. Umesh Bhimani	Head, Data Science		
Prepared by			
Mr. Mohammadsuzan Shaikh	Associate Director, Data Science	30th Jun 2026	
Mr. Prabhat Vedula	Director, Product – Secured	30th Jun 2026	

Revision Summary

Version No	Revision	Approval authority	Effective date
1.0	New Policy	Board	12-Aug-2026

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1. Introduction

This policy represents Lendingkart Finance Limited's (LFL' or 'the Company') guiding philosophy of dealing with customers in a fair and transparent manner while ensuring sustainability of operations with the right risk-reward metric.

The policy outlines the internal principles and procedures for determining interest rates in accordance with the Para 22 of Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025

Additionally, the RBI has directed Regulated Entities to formulate a Board approved policy on penal charges. Accordingly, this policy also defines the principles for determining penal charges on the Business Loans - Secured offered by LFL. The policy applies to Business loans - Secured originated by LFL.

The ALCO Committee members are responsible for fixing rates of interest on financial facilities as guided by this Policy, including in the matter of penal charges, pre-payment charges, processing charges etc

2. Methodology of Arriving at Interest rate and charges for Loans:

1. The Company determines interest rates on Loans by considering several factors, including the weighted average cost of borrowed funds, types of cross-sell products offered, cost of customer acquisition (CoCA), execution cost, interest rate risk, credit risk in the relevant business segment, performance in similar borrowers profile (e.g. Industry & business-margins), tenure of the borrower relationship, repayment track record, permitted deviations, future potential etc. This information is gathered from borrower's application data, credit reports, other data sources and market intelligence.
2. Un-allocable overheads and other administrative cost and expected return on equity are added further to determine the final lending rate.
3. The weighted average cost of funds is calculated based on the cost of the aggregate borrowings of the Company at the month-end, taking into account various sources such as term loans, bank borrowings, NBFC borrowings, non-convertible debentures, etc.
4. The rate of interest for the same product with the same tenure availed during the same period may vary across customers, depending upon any one or combination of the factors mentioned in Point 1 above – the factors impacting the risk-premium are covered in Annexure. This information will be disclosed to the borrower or customer in the application form and explicitly communicated in the sanction letter.
5. The methodology for arriving at the interest rate grids is detailed in the Annexure to this policy. The interest rates are calculated/charged on a reducing balance method.
6. The interest rates for Business Loans - Secured (i.e. to individuals/entities for business purposes) will be Fixed-rate basis.
7. The interest may be charged on a weekly, biweekly, monthly or quarterly basis depending on the product or customer segment. The interest shall be deemed payable immediately on the due date as communicated to the borrower, and no grace period shall be allowed for payment of interest.
8. The interest will be charged from the date of actual disbursement of the funds to the borrower.
9. In cases where loan disbursal or repayment occurs during the month, interest will be charged only for the period during which the loan was outstanding.
10. Any payments received from the customer in excess of the due amount will be governed by the Company's

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policy - *Policy for Treatment of excess Equated Monthly Instalments (EMI) (or part thereof) received from borrowers.*

11. Amount collected will be appropriated first towards the oldest overdue amount starting with interest, followed by principal. Any remaining balance will be appropriated to charges, if applicable. In the event of a settlement, amount will be appropriated first towards the outstanding principal, and any remaining amount will be applied towards Interest and other charges, if applicable. If a customer returns to clear the dues that were waived under the settlement, the amount received will be appropriated first towards the waived principal, and the remaining balance, if any, towards the waived interest and then the applicable charges.
12. In addition to interest, the Company may levy other financial charges such as processing fees, maintenance fees, origination fees, cheque bouncing charges, cheque swap charges, late payment charges, legal charges, pre-payment / foreclosure charges, NOC issuance charges, Statement of Account ('SOA') charges, wherever applicable.
13. Furthermore, charges such as stamp duty, documentation charges, cash handling charges, RTGS/ other remittance charges, commitment fees, GST and other cess will be collected at prevailing rates, as communicated in the documentation provided to the borrower. Any revision to these charges will apply prospectively and will be communicated to the borrower 30 days in advance. Please refer to the following link for the detailed schedule of charges: www.lendingkart.com/schedule-of-charges/
14. The processing fee (excluding GST) shall not exceed 3% of the sanctioned amount for Business Loan - Secured.

3. Penal charges

1. The Company may levy additional in case where the borrower fails to comply with material terms and conditions of the loan agreement. These penal charges shall not be capitalized i.e. no further interest will be computed on such charges.
2. As per the recommendations of the 55th GST Council, no GST is applicable on penal charges levied. This is in accordance with the RBI directions dated August 18, 2023, pertaining to non-compliance with material terms and conditions of loan agreement by the borrower.
3. Requests for refund or waiver of charges, including penal charges, would generally not be entertained. However, the Company reserves the sole discretion to consider such requests. Any genuine refund claims will be processed in accordance with the terms and conditions of the loan agreement.
4. The Company will not charge penalties in the form of penal interest added to the applicable rate of interest. Furthermore, no additional component resembling a penalty will be included in the interest rate charged on loans.
5. Loans that remain unpaid on the due date shall attract penal charges at such rates as mentioned in bold in the respective customer loan agreements. All applicable service charges, prepayment charges, if any shall be disclosed to the borrower.
6. The quantum of penal charges shall be reasonable and proportionate to the nature and extent of the borrower's non-compliance with the material terms and conditions of loan agreement. These charges shall be non- discriminatory within the same loan or product category. While determining the penal charges, the Company will also consider prevailing market practices and approaches adopted by competitors.
7. The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business',

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shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.

8. Penal charges shall be levied only on the amount under default and no fresh penal charges shall be levied on outstanding penal charges.
9. The applicable penal charges, along with the reasons for their imposition, shall be communicated to the borrowers through reminders issued for non-compliance with material terms and conditions of the loan agreement.
10. Within Cooling-off period, customer can choose to foreclose the loan by repaying the principal amount along with the proportionate Annualized Percentage Rate (APR), without incurring any prepayment penalty. Applicable Cooling-off period on the loan shall be disclosed in the KFS.
11. The table below outlines the applicable penal and other charges.

Schedule of Charges			
	Type of Charge/Fees	Applicable Charges	GST Application
	Processing Fees	Processing Fees: upto 3% of the Sanctioned Loan Amount	Exclusive
	Insurance Premium	If opted, as per actuals	As per actuals
(i)	Penal charges, if any, in case of delayed payment	0.1% (zero-point one percent) per day or 36% (thirty six percent) per annum on the overdue EMI (i.e. principal and interest) for the period between the Due Date till the receipt of the entire overdue amount	Exclusive
(ii)	Foreclosure / Prepayment Charges (applicable on Fixed-rate loan)	<=1 Year: 5% of Principal Outstanding >1 Year & <=2 Years: 4% of Principal Outstanding >2 Years & <=3 Years: 3% of Principal Outstanding >3 Years: 2% of Principal Outstanding	Exclusive
(iii)	Part Payment Charges (applicable on Fixed-rate loan)	25% of outstanding loan (o/s. balance) can be paid in a financial year without any prepayment charges Any prepayment over and above-mentioned threshold, the Borrower shall be required to pay prepayment charges of 3% of the principal prepaid	Exclusive
(iv)	Other Charges (as applicable)		
	Login Fees	INR 5,900 /- One-time (non-refundable)	Inclusive
	Stamp Paper charges on Loan Documents	At Actuals	As per actuals
	EMI Bounce Charges	INR 1,180 /- per instance	Inclusive
	Repayment Mode Swap Changes	INR 1,180 /- per swap per instance	Inclusive
	EMI/Tenure Change Charges	INR 2,950 /- per instance	Inclusive
	Duplicate Interest Certificate (Provisional/Actual) Issuance Charges	INR 590 /- per instance	Inclusive
	Duplicate NOC (No Objection Certificate)/ No Due Certificate	INR 1,180 /- per instance	Inclusive

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	Loan cancellation/Rebooking	INR 5,000/- + interest charges up to cancellation date	Exclusive
	Charges for List of Document	INR 1,180 /- per instance	Inclusive
	Documents Retrieval / Issuance of Photocopies of Property Documents	INR 2,950 /- per instance	Inclusive
	Other Statutory / Mortgage creation charges e.g. Stamp duty, MODTD (Memorandum of Deposit of Title Deeds), RM (Registered Mortgage), etc.	At Actuals	As per actuals
	Legal, Repossession & Incidental Charges	At Actuals	As per actuals
	Property Swap Charges	INR 5,900 /- per instance	Inclusive
	NACH registration or activation	INR 30/- per instance	Inclusive
	Field Collection Charges	INR 0/- per instance	Inclusive
	Broken Period Interest (BPI)	BPI amount would be collected in the first installment. It shall not be deducted from disbursal.	

Disclosure of Rate of Interest and Penal Charges to the borrower:

- At the time of loan sanction, the loan amount, annualized rate of interest, tenure, the equated monthly instalments (EMI) amount shall be disclosed to the borrower.
- The quantum and rationale for any penal charges shall be disclosed in bold in the loan agreement and also included in the terms & conditions / Key Fact Statement (KFS'), as applicable.
- In the event of non-compliance with the material terms and conditions of the loan agreement, the levy and amount penal charges, along with the reason thereof shall be communicated to the borrowers through appropriate reminders.

Change in interest rate and charges

Any change in interest rates or charges shall be implemented by the company on a prospective basis only

In case of any changes to existing loan, the company shall provide advance notice of at least 30 days to the borrower in the vernacular language, or in a language as understood by the borrower.

4. Maximum Interest Rate and Annual Percentage Rate (APR)

1. The Annual Percentage Rate (APR) represents the total annual cost of credit to the borrower which includes interest rate and all other charges associated with the credit facility. In addition to the interest rate, it includes processing fee, document charges, charges related to insurance/other cross-sell products offered and any other charges collected from the customer. All the components of APR will be disclosed in the Key Facts statement (KFS) shared with the customer.
 - 1.a. The processing fee is charged as a percentage of sanctioned amount. It covers cost of customer acquisition and cost of delivery.
2. LFL offers cross-sell products designed to be relevant to customers and to help alleviate the stress of the loan-burden during unforeseen life events. These products also partially mitigate credit risk for LFL. Additionally, a monthly update on cross-sell including details of claims and settlements for insurance products will be presented to the Board of Directors, categorized by product and partner.
3. The interest rate for Business Loan – Secured shall not exceed 24%; and the spread between APR and IR shall not exceed 8%.

5. Governance - Approval of the Interest-rate grids and delegation for implementation

1. **Preparation of the Interest-rate grid:** The Data Science team shall prepare the interest rate grid based on the cost estimates provided by relevant stakeholders. The Finance team will act as the checker in this process to ensure that the interest rates are derived accurately and are in line with the prescribed methodology.
2. **Management Review and Board Approval:** Upon validation, the interest rate proposal will be reviewed by the Asset-Liability Committee ('ALCO'), Upon ALCO's approval, the proposal will be submitted for the final approval by the Board of Directors.
3. **Implementation:** Once approved by the Board, the Data Science team shall be responsible for implementing the approved interest rate grid. Prior to go-live, the changes shall be reviewed and approved for accuracy by an employee of VP grade or above. ALCO will conduct quarterly review of the Interest rates to assess adherence to policy.

Review of the Policy

- This Policy will be reviewed annually or as and when considered necessary by the Board of the Company.
- Any change or amendment to this Policy must comply with the applicable Master Directions and regulatory guidelines in force at the time.
- of this policy would be placed on the website of the Company.

Annexure

Baseline rate

Baseline rate is derived by adding up the costs of various heads expected in the Year 5 – by when the BL-Secured business would have stabilized:

Description	Value
Cost of Funds (adjusted for Equity of 15%-20% with marginal cost of borrowings @10% p.a.)	+8% to +8.5%
Operating Costs	+5.5% to +6.0%
Cost of Credit	+0.8% to +1.0%
Other Income (Processing fee, Cross-sell and charges etc.)	-0.8% to -1.0%
Total	13.5% to 14.5%

Drivers of Risk Premium

The Risk Premium will be applied on top of the baseline rate based on following parameters.

A. Ticket Size

Ticket Size	Premium
10L-20L	2.00%
20.01-35L	1.00%
35.01-50L	0.50%
>50L	0.00%

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B. Program Type

Program	Premium
ITR Program	0.00%
GST Program	0.75%
Banking Program	1.00%
ITR Multiplier Program	1.25%
Assessed Income Program	1.50%

C. Collateral Type

Collateral Type	Premium
Normal	0.00%
Imperfect	1.25%

** Imperfect Collateral: where the 13-year title flow chain cannot be fully established or properties adjacent to railway tracks, water bodies, Hills, Nala, graveyard*

ALCO will prescribe and periodically revise the premium applicable under each category.