

BIZLOAN PRIVATE LIMITED

INTEREST RATE POLICY & APPROACH FOR GRADATION OF RISK

Version Control

Version	Adoption/ Amendment Date by Board	Prepared / Changed by	Last Review Date
1.0	October 07, 2024	Legal & Compliance	N.A.

INTEREST RATE POLICY & APPROACH FOR GRADATION OF RISK

Purpose

With a view to institute fair and transparent dealings in the lending business, the Company has adopted and put in place the following Interest Rate Policy parallel to the company's Fair Practice Code, in accordance with the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2023 as amended and updated from time to time.

RBI further advised NBFC's to adopt an appropriate interest rate model taking into account relevant factors and to disclose the rate of interest, gradations of risk and rationale for charging different rates of interest.

Keeping in view the RBI's guidelines as cited above, and the good governance practices being followed by the Company, the following internal guidelines, policies, procedures and interest rate model have been adopted by the Company. The Board of Directors of the Company ("the Board") or any Board constituted Committee ("the Committee") as the case may be, while fixing interest rates chargeable from the customers shall be guided by this Interest Rate Policy. In addition to cost factors set out hereunder, the Board or the Committee shall be guided by the market conditions and various rules and regulations, if any, prescribed by the Reserve Bank of India or such other authority from time to time.

Key Commitments and Declarations

The interest charged by the company from its customers shall inter-alia have the following components viz., Reference Rate, Risk Rate, Additional/Default Rate. Additionally, market scenario, competitive intensity, assignability of products, secured-unsecured ratio and overall product portfolio considerations would be key inputs to pricing.

Reference Rate

Reference Rate shall represent the rate chargeable on Fixed rate loans. The final rate shall be at a spread (positive or negative) to reference rate. Reference Rate shall be arrived at after considering the following aspects:

Cost of Borrowing

This component represents the interest and other incidental charges payable by the Company for servicing the borrowed funds deployed by the Company.

Return on Capital Employed

This component represents a fair return on capital employed which is to be generated by the Company for servicing the owners' capital employed in the business.

Thus, the Reference rate shall be determined by considering the cost of borrowing, overhead/sourcing cost, competitive factors, market conditions, guidance on portfolio shape, size and fair return on capital employed.

Risk Rate

Risk rate (estimate of credit losses) shall be determined by considering the degree of risk involved in loan considering various factors like general economic conditions, customer category, customer category servicing costs, mode of repayment, Loan to value ratio, Tenor of loan, Product.

Interest rate fixed or floating – charging interest at fixed rate or floating rate would be decided basis product category.

The final reference rate is a sum of the above to be looked at on a portfolio basis.

Penal Charges

Loans remaining unpaid on due dates shall be levied penal charges in accordance with the Penal Charge Policy of the Company as amended from time to time and published on the website of the Company: www.bizloanindia.com.

Other Fees and Charges

Any service charges, prepayment charges as charged to the borrower shall be disclosed appropriately to the borrower.

The same shall be based on the following rationale:

1. Acquisition costs/underwriting costs incurred in writing the loan.
2. Product segment, depth and liquidity of the market and possibility of reinvesting the funds received byway of prepayment into new products, at similar return on assets.
3. Use of fixed cost funds/ lines of credit/internal allocation of resources, for funding a particular productsegment.
4. Exposure limit or ticket size for the loan products.
5. Industry Trends of rate shopping by customers, based on a prevailing contract with the Company, and going to a competing financier, with a view to obtain lower rates.

Further, all loans which are pre-paid shall bear pre-payment penalty at rates mentioned in the respective customer agreements.

Disclosures

As per the extant regulations the following disclosures shall be made to the borrower:

- a. There shall be appropriate disclosure of the rate of interest and the approach for gradations of risk and rationale for charging different rates of interest from different categories of borrowers in the application form and/or communicated in the sanction letter.
- b. The annualized rate of interest shall be disclosed to the customers.
- c. Any change in the interest rate or other charges shall be made prospectively and the same shall be adequately disclosed to the borrower.
- d. The rate of Interest for various class of assets as revised from time to time shall also be displayed on Company's website.

Approach for Gradation of Risk

The decision to give a loan and the interest rate applicable to each loan account shall be assessed on a case to case basis, based on multiple parameters such as the type of asset being financed, borrower profile and repayment capacity, borrower's other financial commitments, past repayment track record if any, the security for the loan as represented by the underlying assets, loan to value ratio, mode of payment, tenure of the loan, geography (location) of the borrower, end use of the asset, etc. The rate of interest is subject to change as the situation warrants and is subject to the discretion of the Company on a case-to-case basis. The rate of interest informed are annualized rates so that the borrower is aware of the exact rates that would be charged to the loan account. The Company shall disclose the interest rates and gradation of risks on its website.

Product Wise Interest Rate:

PRODUCT	RATE OF INTEREST
Gati Loans	Up to 30%
Secured Business Loans	Up to 25%

Administration, Amendment and Review of the Policy

The Board of Directors shall be responsible for the administration, interpretation, application and review of this Policy. The Board of Directors shall also be empowered to bring about necessary changes to this Policy, if so, required at any stage at its own discretion.