

**POLICY ON
INTEREST RATE
FOR
NEUZEN FINANCE PRIVATE LIMITED
(FORMERLY KNOWN AS UMANG TRADING PVT. LTD.)**

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1. Introduction:

This document is intended to present Neuzen Finance Private Limited ("NFPL") (formerly known as Umang Trading Pvt. Ltd.) ("the Company") policies to promote its philosophy of dealing with customers in a transparent and open manner. Though interest rates are not regulated by the RBI, rates of interest beyond a certain level may be seen to be excessive and can neither be sustainable nor be conforming to normal financial practice.

Given that the business model of the Company focuses on extending the loan to well-known customers for a short / medium / long term and given its policy of using borrowed funds in the business, the fixed / floating interest rate charged shall be in the band of 0% to 24% per annum (excluding fees and other charges) based on the evaluation of various risks detailed hereunder:

2. Base for defining the rate:

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

- Tenure of the Loan-The interest rate charged will depend on the tenure and amount of the loan.
- Internal and External Costs of Funds - The rate of interest which is charged is also affected by the rate at which the funds necessary to provide loan facilities to customers are sourced, normally referred to as our internal cost of funds.
- Internal cost of loading - The interest rate charged will also take into account costs of doing business. 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 for arriving at the final interest rate quoted to a customer.
- 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.
- Credit rating and quality- The interest rates charged will account for the creditworthiness, rating and results of credit appraisal process which would factor in charging higher percentage for riskier borrower.
- Further while defining the interest rates, various other factors such as Market Practice, Supply Demand Equilibrium and NFPL's desirable return will also be factored in while deriving interest rate range for a specific product.

3. Range:

- The Range of Interest Rate shall depend upon the creditworthiness of customer.
- Rate of Interest will be charged at prevailing market trends
- Rate of Interest will not be lower than the RBI Repo Rate.

4. Mechanism for updating the policy:

- The ultimate responsibility of the implementation of this Policy is that of the Management of the Company.
- The board will be authorized to propose and approve any changes to the range of interest rates. Such proposal shall be backed by adequate reasoning as well as projected benefit
- Policy once updated basis of the Board's approval will be communicated to concerned stakeholders which will ensure such range is updated in systems/trackers(if any)
- 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 monthly/quarterly/annualized rate of interest); the same shall be conveyed to the customer either as an addendum / additional annexure to the agreement. However all the relevant formalities (e.g. further legal documentation, approval of customer, certification of NFPL officials etc.) pertaining to the same 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 by the employees of the Company. The acknowledgement of the receipt of the said additional document shall also be preserved on the records by the Company.

5. Exceptional Case Handling:

- The Retail as well as Wholesale Policy will have product-specific interest rate captured as part of the company policy
- Any exception to the upper or lower limit of the range will require pre-approval as per the DOA.
- Further, exceptions in case of rate other than the general rate followed for a specific product will also require pre-approval of the Head of Business