KOGTA FINANCIAL (INDIA) LIMITED

INTEREST RATE POLICY

Version History		
Policy Owner: Chief Risk Officer		
Version	**Name of Policy**	**Date of Approval**
1.0	INTEREST RATE POLICY	June 16, 2020
2.0	INTEREST RATE POLICY	May 19, 2021
3.0	INTEREST RATE POLICY	August 05, 2022
4.0	INTEREST RATE POLICY	May 12, 2023
5.0	INTEREST RATE POLICY	May 15, 2024
6.0	INTEREST RATE POLICY	May 06, 2025
6.1	INTEREST RATE POLICY	September 26, 2025
6.2	INTEREST RATE POLICY	February 04, 2026
7.0	INTEREST RATE POLICY	May 12, 2026

TABLE OF CONTENT

1. INTRODUCTION

Kogta Financial (India) Limited (**"the Company"** or **"KFL"**) is a Non-Banking Financial Company ("NBFC") having valid Certificate of Registration with Reserve Bank of India ("RBI") vide registration no. B.10.00086 dated May 27, 2016 under current RBI classification as NBFC - Investment and Credit Company ("NBFC-ICC") under Middle Layer in accordance to Reserve Bank of India (Non-Banking Financial Companies - Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025 with more than 25 years of experience in asset finance business.

It is focused on offering financing of all kinds of commercial vehicles (HCV, LCV, MUV, SCV, ICV), Cars, Tractors, Construction Equipment, Three-wheelers, Two-wheelers and Business Loans to MSME segment & Loan against property segment.

2. REGULATORY REQUIREMENT

The RBI vide its Master Direction – Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 (**"Master Directions"**), as amended from time to time, has directed all NBFCs to adopt an 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.

3. ABOUT THE POLICY

In compliance with the requirements of the Master Directions and the Fair Practices Code adopted by the Company, the Company has adopted Interest Rate Policy (**"Policy"**) broadly outlining the Interest Rate Model and the Company's approach of risk gradation in this regard for its lending business.

4. INTEREST RATE METHODOLOGY

The interest rate applicable to each loan account, within the applicable range is assessed on the evaluation of various factors as mentioned below:

a) Weighted Average cost of capital – It represents the average rate the Company is expected to pay to finance its assets, weighted according to the proportion of debt and equity in its capital structure. This includes the cost of funds raised through various borrowing instruments such as Bank Term Loans, Non-Convertible Debentures (NCDs), Commercial Papers (CPs), Subordinated Debt and the cost of equity capital, which reflects the expected returns demanded by shareholders in exchange for their investment risk. It is computed by applying weights to the cost of each capital component (debt and equity) based on their proportion in the total capital employed. The company has considered leverage levels of 4 times as steady state levels to compute the required return on equity.

b) Operating Cost – It encompass all expenses incurred in the day-to-day functioning of the Company's business operations. It includes

- **Employee-related expenses** – Salaries, benefits, recruitment, and training costs.
- **Infrastructure expenses including capital expenses** – Fixed Assets, Rent, utilities, maintenance, and security.
- **Technology and IT expenses** – Core banking systems, software licenses, digital platforms, and cybersecurity.
- **Collection and recovery expenses** – Costs related to follow-ups, recovery agents, legal expenses, etc.
- **Marketing and customer acquisition costs** – Campaigns, advertisements, lead generation, and customer onboarding.

- **Professional and consultancy fees** – Legal, audit, compliance, and advisory services.
- **Administrative and overhead expenses** – Travel, communication, stationery, and insurance.

c) **Fund raising cost –** It includes charges for loan processing, credit rating charges, fees paid to intermediaries or consultants for sourcing funds through various modes, compensation to Issuing & Paying Agents, stock exchange fees, trusteeship fees paid to safeguard the interests of debenture or bondholders.

d) **Credit Risk Premium –** It refers to the additional cost or premium paid by a borrower over and above the base interest rate, which compensates the Company for the perceived credit risk associated with lending to the borrower. It is determined on a case-to-case basis, taking into account the borrower's credit profile, financial health, industry risks, and overall risk category etc.

e) **Negative Carry on Investment –** It occurs where the return earned on investments is lower than the cost of funds used to make those investments. A liquidity buffer is maintained by the Company for effectively managing liquidity risk and ensuring the company can meet its short-term obligations without disruption.

f) **Expected ROA (Pre tax)** - Expected pre tax ROA is the return expected by the company on its AUM to ensure that the company achieves sustainable profitability in line with its medium-term strategic objectives.

5. APPROACH FOR GRADATION OF RISK

The risk premium attached to a customer shall be assessed inter-alia based on the following factors:

i. **Customer Attributes:**
Identification of the customer's demographic and economic segment, business history, credibility in the market, overall reputation in the industry, historical performance of default trends, repayment behavior, credit performance, educational and professional background, financial strength, stability of income, and years of experience, length of relationship and credit track record.

ii. **Asset Attributes:**
Evaluation of the nature and quality of the asset financed and its proposed end use, as it affects risk levels and resale value. Quality, type, marketability, and realizable value of the primary and secondary security offered, including guarantees and third-party support, external credit rating are factored in assessing creditworthiness and default risk.

iii. **Business Attributes**
The type and scale of business undertaken by the customer, insights into its business model, existing contract, years of experience, industry knowledge, and managerial capability, historical and projected profitability of the business, assessment of sector-specific risks,

iv. **Loan Attributes**
Loan ticket size, tenure of loan, expected customer yield, repayment capacity for their cash flows, ongoing financial obligations, mode of payment.

v. **RBI Policies and Regulatory Guidelines**
Risk premium adjustments may also be influenced by current RBI directives, sectoral credit guidelines, and macroeconomic credit policy frameworks.

vi. **Competitive Offerings and Market Trends**
Prevailing interest rates, terms, and structures offered by peer lenders and financial institutions in

the market for similar borrower profiles.

vi. **Other Relevant Factors**
Any other case-specific considerations that may impact the risk profile, such as geopolitical environment, sector-specific risks, legal or regulatory exposure, etc.

The Interest rate is determined on a case-to-case basis depending on the above-mentioned factors. The indicative list of interest rate range is defined in **Annexure 1**.

6. RATE OF INTEREST

a) The management understands that considering the higher cost of borrowing and the risk profile of the customer, it has to maintain adequate margins to cover the operational and delinquency risk. Thus, it is decided that Annualized Rate of Interest of the loans and advances shall be between 8% to 36% p. a. compounded with monthly rests on the outstanding principal balance. Further, at their own sole discretion, Directors and CEO can approve the interest rate for any loan/advance outside the range above.

b) Further Loan amount, Annualized Rate of Interest and tenure of loan will be communicated to the borrower in the Key Fact Statement, Sanction/welcome letter along with the installments towards interest and principal dues.

c) Besides normal Interest, the Company may levy additional interest for adhoc facilities, penal charges, Overdue EMI interest for any delay or default in making payments of any dues. The details of Penal charges and Overdue EMI Interest for late repayment will be mentioned in bold in the loan agreement and communicated at time of sanctioning the loan.

d) Besides interest, other financial charges like processing charges, charge creation charges, cheque bouncing charges, pre- payment / foreclosure charges, part disbursement charges, cheque swaps, cash collection charges, bank charges, charges on various other services like issuing NOC, field visit for collection follow up, Foreclosure Value Statement Charges, Foreclosure charges, Duplicated Repayment Schedule etc. would be levied by the company wherever considered necessary. In addition, the Goods and Services Tax and other taxes, levies or cess would be collected at applicable rates, from time to time. The detailed Schedule of Charges is also hosted on the website of the Company at https://www.kogta.in/pages/schedule-of-charges/

e) The Company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loans sanctioned for purposes other than business to individual borrowers with or without co-obligant(s).

7. RATE APPROVAL AUTHORITY MATRIX

The Company has established a rate approval authority matrix that specifies the required levels of authorization for approving lending rates below the system-suggested maximum interest rate.

The highest authority for approval is COO and is further authorized to set the delegation matrix within the team on time to time basis as per business requirements.

Such delegation and rate approval authority matrix shall be fully integrated within the Loan Origination System (LOS) to ensure transparency, auditability, and operational efficiency.

8. SCHEDULE OF CHARGES

The Company shall levy various charges on the customers as per the conduct of the account and certain standard charges as applicable. The list of such charges and quantum is set out in **Annexure 2**. Further, the schedule of Penal Charges are set out in Clause 7 of Chapter 1 of this Policy.

Further, all of the charges, duties & fees (as mentioned in the annexure) are exclusive of all types of tax charged by the Central Government, State Government, Semi-Government or any other authorities concerned.

The Company has sole discretion to make any subsequent changes and/or modification in any or all charges mentioned above, from time to time, as per the Company policy and it is sole discretion of the CEO/COO of the company to reduce or waive all or any of the charges so applied considering the relationship with the customer. If needed, he has the power to levy or introduce any other charges for the services rendered other than mentioned in the above list and to decide the amount thereon.

Furthermore, the CEO and/or COO may also delegate such authority, in whole or in part, as considered necessary.

9. CONTENT ON THE WEBSITE

The Policy is available on the Company website at www.kogta.in.

10. VALIDITY

The policy shall be valid till next review by Committee members and/or Board of Directors, as applicable.

11. REVIEW AND GOVERNANCE

The risk-based pricing model shall be reviewed as required due to changes in macroeconomic conditions, cost of funds, or regulatory guidelines: -

a) ALCO shall
   a. Determine the base/floor rates and pricing bands, taking into account the cost of funds, market competition, and borrower risk profiles.
   b. Review and approve the entire risk-based pricing framework at least on an annual basis and provide feedback, if any
b) CRO shall
   a. Monitor the computation of floor rates and pricing bands
   b. Oversees the implementation of the risk-based pricing framework and reviews/reports any deviations or exceptions.
c) The Internal Audit function will conduct periodic reviews to ensure compliance with the established pricing framework.

12. POLICY OWNERSHIP AND GOVERNANCE

To strengthen governance and ensure accountability, the Policy Owner is explicitly designated as the responsible authority for the maintenance, review, and timely updating of this policy and all associated Standard Operating Procedures (SOPs) and process documents. The Policy Owner shall ensure that all related documents remain current, compliant with applicable laws and regulations, and are approved by the competent authorities. Any revisions or updates shall be documented and communicated to relevant stakeholders in a timely manner.

Annexure 1 – Indicative List of Interest Rate Range

Interest Rate Range for Vehicle Finance		
Products	**New Vehicle**	**Used Vehicle**
Passenger Vehicle	12% - 20%	13% - 30%
Construction Equipment (CE)	8% - 18%	11% - 24%
Heavy Commercial Vehicle (HCV)	11% - 18%	11% - 24%
Light Commercial Vehicle (LCV)/ Intermediate Commercial Vehicle (ICV)	11% - 20%	13% - 30%
Tractor	13% - 20%	13% - 30%
3 Wheeler	15%- 30%	15% - 30%
2 Wheeler	15%- 30%	15% - 30%

Products	**Interest Rate Range**
Interest Rate Range for Mortgage Loans including Top Up Loans	12% - 24%
Interest Rate Range for Unsecured Loan	14% - 24%
Interest Rate Range for Top Up loan excluding Mortgage Top Up Loans	18% - 36%

- All rates mentioned are only Indicative and are annualized.
- Actual Interest Rate will vary on a case-to-case basis depending upon consideration of any one or more factors listed under gradation of risk.
- Additional service tax / GST and other cess will be charged as applicable.

Annexure 2 - Schedule of Charges

S. No.	Particulars	Amount
A.	**Loan Origination Charges**	
1.	Processing Fees	Minimum Rs. 2,500/- or upto 2% of Loan Amount, whichever is higher
2.	Stamp Duty	As per Applicable State Law
3.	ROC charge creation charges	Rs. 5,000/- per registration, if not done by customer
4.	CERSAI charges	Rs. 500/- per registration
5.	Legal Charges (including Title Investigation Report)	Rs. 3,000/- per report
6.	Valuation Charges	Rs. 850/- per report (in Vehicle Loans), Rs. 3,000/- per report (in Mortgage Loans, unsecured loans)
7.	RCU Charges	Rs. 1,200/- per instance
8.	Additional collateral charges	Max. Rs. 3,500/- for each additional asset
9.	Loan Processing fees – Credit Shield (if opted)	Rs. 1,200/- per Instance
10.	Application Login Fees (Non-refundable)	Rs. 2,000/- Per Application
11.	Commercial CIBIL Charges	Rs. 1,000/- Per Report
12.	RTO Charges	Upto Rs. 750/- per Instance
13.	Third Party Insurance Charges	Rs. 1,000/- per Instance
B.	**Loan Servicing Charges**	
14.	*Overdue EMI Interest	As per Contractual annualized rate of interest on defaulted amount for the period of default
15.	Bank Charges	As per actual
16.	Cheque Collection Charges	Rs. 500/- per instance
17.	Cheque/ACH/ECH Swap/Replacement fees	Rs. 500/- per instance
18.	Collection follow up Tele Calling fees	Rs. 100/- per two instances in a month
19.	Field Visit fees for Collection follow up	Rs. 500/- per two instances in a month
20.	Collection Communication Letter charges	Rs. 200/- per two instances in a month
21.	Cash Collection Charge	Rs. 500/- per two instances in a month
22.	Reimbursement of Collection / Traveling / Legal / Recovery / Parking / Repossession / Other Charge	As Per Actual expenditure
23.	Foreclosure Pre-Termination/ Part Pre-payment Charges	5% (in Mortgage loans, unsecured loans), 7% (in vehicle loans including industrial machinery loans)
24.	Foreclosure Value Statement fees	Rs. 500/- per instance
25.	Duplicate/Additional NOC fees	Rs. 1,000/- per instance
26.	Duplicate Repayment Schedule	Rs. 500/- per instance (only for physical copy)
27.	Loan cancellation/rebooking charges	Interest at the contracted rate will be charged from the date of disbursement upto the date of refund and loan cancellation charges of Rs. 2,100/- for vehicle loans and Rs. 5,000/- for Mortgage loans
28.	Part-preclosure processing fees	Rs. 1,500/- per instance
29.	Document Retrieval fees	Rs. 1,000/- per instance

CHAPTER I - POLICY ON PENAL CHARGES

1. REGULATORY REQUIREMENTS

The Reserve Bank of India vide its Master Direction - Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025, as amended from time to time ("**Master Direction**"), the Company is required to formulate a policy on penal charges defining the penal charges to be imposed on borrowers for non-compliance of material terms and conditions of loan agreement.

2. ABOUT THE POLICY

This Policy outlines the framework for levy of penal charges in compliance with applicable RBI guidelines, ensuring transparency, fairness, and non-discriminatory treatment of customers.

3. PENAL CHARGES

Penal Charges are levied on borrowers for non-compliance with material terms and conditions of the loan agreement. Such charges are kept reasonable and commensurate with the nature and severity of non-compliance and are not considered as a revenue enhancement tool. These charges are to be applied as a fixed amount per instance, or as a percentage on the defaulted amount, or as a percentage on the principal outstanding, as the case may be depending on the nature of the non-compliance. Where the charge is applied on a percentage basis on the defaulted amount, the same is computed only on the defaulted amount and only for the period during which the default subsists. The contracted rate of interest on the loan itself remains unchanged during such period; the Company does not levy any differential or enhanced rate of interest on the outstanding loan on account of default.

4. RATIONALE

Penal charges serve a defined purpose within the Company's credit risk and portfolio management framework. Timely compliance with repayment schedules and other contractual obligations is essential for maintaining discipline across the borrower base, and penal charges act as a financial reinforcement of this discipline. Further, delays and defaults by individual borrowers have a direct bearing on the Company's own credit profile — they affect asset classification, trigger higher provisioning under applicable accounting and regulatory norms, and over time influence the Company's cost of funds and credit standing. Penal charges partially offset these consequential costs while conveying to the borrower the tangible financial impact of non-compliance. They are therefore a corrective and deterrent measure, not an instrument of revenue generation.

5. QUANTUM AND MEASUREMENT

The quantum of penal charges is calibrated to reflect the actual cost borne by the Company on account of the non-compliance. Non-payment or delay of contracted amounts results in real and measurable costs — continued carrying cost of funds on the defaulted amount, incremental provisioning, and additional servicing and collection effort. At the same time, the recoverability of the defaulted amount is uncertain both in quantum and in timing; recoveries may materialise only in part or may be realised only towards the end of the loan tenure, in some cases after several years. The pricing of penal charges therefore factors in this cost, uncertainty, and time value, and is not a notional levy. Penal charges, once levied, are not capitalised — no further interest is computed on accumulated penal charges. The levels of penal charges are reviewed periodically to ensure they remain reasonable and proportionate.

6. APPLICATION TO BORROWERS

The application of penal charges is guided by fairness and is intended to be corrective rather than coercive. Penal charges are applied uniformly across all borrowers within the same loan product/category for the same nature of non-compliance; no borrower-level discretion is exercised in the levy itself. While default on principal or interest is reported to credit bureaus in accordance with regulatory timelines, non-payment of penal charges is not, by itself, reported as a default to credit information companies. Collection teams are explicitly directed not to use penal charges as a pressure tool — customer engagement remains focused on regularisation of the account rather than on recovery of incidental charges. Waiver of penal charges, in full or in part, is permissible taking into account the borrower's overall repayment behaviour across the tenure of the loan and is processed strictly in accordance with the Company's standard Waiver Matrix. Borrowers exercising this option are not subjected to any adverse treatment on that account.

7. SCHEDULE OF PENAL CHARGE

S. No.	Particulars	Amount
1.	Penal Charges in case of repayment default	24% p.a. on defaulted amount for the period of default
2.	Penal Charges against non-compliance with material terms & conditions of Loan Agreement	2% quarterly on principal outstanding amount
3.	Cheque/ECH/ACH bounce Charges	Rs. 750/- per instance
4.	Delay in PDDV like Hypothecation Charges	(i) Upto 60 days: Rs. 2,000/- per instance (ii) Above 60 days: Rs. 5,000/- per instance

8. DISCLOSURE & CUSTOMER COMMUNICATION

The Company shall ensure that penal charges are clearly communicated to the borrower at the time of onboarding and disclosed in the Key Fact Statement (KFS), loan agreement, and sanction letter, as well as displayed on the Company’s website, including the nature and quantum for such charges. Any changes to such charges shall be updated on the website of the Company, from time to time.