

ATMOS FINANCE PRIVATE LIMITED

INTEREST RATE POLICY

including Schedule of Charges and APR Disclosure Framework

Version 2.0 | Effective: 26th May 2026 | Approved by the Board of Directors

1. Objectives

- To ensure that customers are not charged excessive or arbitrary interest rates and charges on loans and advances.
- To define the approach for gradation of risk and the rationale for charging different rates to different categories of borrowers.
- To define all charges that may be levied on borrowers — ensuring that no undisclosed charges are applied.
- To ensure full disclosure of the Annual Percentage Rate (APR) — the all-in cost of the loan — to every borrower at the time of sanction through the Key Fact Statement (KFS) and loan agreement.
- To ensure that changes in interest rates and charges are effected only prospectively — with adequate prior notice to borrowers.
- To ensure compliance with the RBI's penal charges circular of August 18, 2023.

2. Interest Rate Philosophy and Risk-Based Pricing

The Company adopts a **risk-based pricing approach** for all loan products. Interest rates are not uniform — they are calibrated to the risk profile of the borrower, the nature and quality of collateral (for secured loans), the loan tenure, and market conditions. The principle underlying the Company's pricing framework is: **higher the risk, higher the rate — and vice versa**. This ensures that low-risk borrowers are rewarded with more competitive pricing, while the Company maintains adequate return on risk-adjusted assets.

The Company's pricing framework ensures that:

- All interest rates are annualised and disclosed as Annual Percentage Rate (APR) — inclusive of all charges;
- No hidden charges are levied — every charge is defined in this Policy and disclosed in the KFS and loan agreement;
- Pricing is non-discriminatory — no borrower is charged a rate higher than the applicable rate band for their risk grade purely on account of religion, caste, gender, or disability;
- Pricing decisions at individual loan level are made within the rate bands approved by the Board in this Policy.

3. Product-Wise Interest Rate Schedule

The Board of Directors has approved the following **product-wise interest rate ranges**. All interest rates are expressed as **per annum (% p.a.)** on a reducing balance basis, unless specified otherwise. The Company shall not sanction any loan at a rate outside the Board-approved range for that product without a specific Board resolution.

#	Loan Product	Min Rate (% p.a.)	Max Rate (% p.a.)	Rate Type	Pricing Basis
1	SME Loan — Unsecured	24%	36%	Fixed	Risk-based: credit score, business vintage, turnover, repayment history
2	SME Loan — Secured	15%	26%	Fixed	LTV, security type, business cash flows, credit score
3	Loan Against Property (LAP)	15%	26%	Fixed	LTV, property type and location, borrower income, credit score
4	Home Loan	12%	24%	Fixed	LTV, borrower income, credit score, property stage
5	SHWG Loan	24%	36%	Fixed	Group creditworthiness, repayment history, loan cycle
6	Personal Loan (Digital)	24%	60%	Fixed	Automated risk-based pricing: bureau score, income, FOIR

6. Method of Interest Application

6.1 Reducing Balance Method

All loan products of the Company carry interest computed on the **reducing balance (diminishing balance) method** — unless specifically stated otherwise in the product terms. Under this method, interest for each period is computed on the outstanding principal balance at the beginning of that period, which reduces with every EMI payment. This is the most transparent and customer-friendly method of interest computation.

6.2 EMI Computation

- The EMI (Equated Monthly Instalment) is computed using the standard formula
- The EMI, applicable interest rate, repayment schedule (with principal and interest breakup for each instalment), and total amount payable are disclosed to the borrower in the KFS and repayment schedule annexed to the loan agreement

7. Annual Percentage Rate (APR) — Disclosure Framework

In compliance with the RBI Digital Lending Guidelines, 2022 and the FPC, the Company shall disclose the **Annual Percentage Rate (APR)** — the all-in annualised cost of the loan inclusive of interest and all upfront charges — to every borrower through the KFS at the time of loan sanction.

7.1 APR Computation Methodology

The APR is computed as the **Internal Rate of Return (IRR)** of the loan cash flows — i.e., the annualised discount rate at which the present value of all future loan repayments (EMIs + any bullet payments) equals the net amount received by the borrower after deducting all upfront charges.

The APR includes:

- Interest charges (at the contracted rate);
- Processing fee (deducted upfront or charged at disbursement);
- Any other upfront charges that are mandatory for loan sanction.

The APR excludes:

- Penal charges (contingent — payable only if the borrower defaults);
- Prepayment / foreclosure charges (contingent — payable only if the borrower prepays);
- Stamp duty and government levies (statutory charges not in the Company's control);
- GST on charges (tax charge — not a cost of credit).

8. Schedule of Charges

The following is the **complete and exhaustive schedule of charges** that may be levied by the Company on borrowers. **No charge shall be levied that is not listed in this schedule** and disclosed in the KFS / loan agreement. All charges are **inclusive of applicable GST** unless stated otherwise.

#	Charge	Amount / Rate	When Applicable	GST Applicable
1	Processing Fee	Min 0% – Max 6% of loan amount	Charged at the time of disbursement; deducted from disbursal amount or collected separately; non-refundable post-disbursement	Yes — GST at prevailing rate
2	NACH / ECS Dishonour Charges	₹500 per instance of dishonour	Levied on each occasion of EMI dishonour due to insufficient funds, mandate cancellation, or account closure	Yes
3	Cheque Bounce Charges	₹1000 per instance	Applicable where repayment is by post-dated cheques and the cheque is dishonoured	Yes

4	Late Payment / Penal Charges	3% p.a. on overdue principal	Levied on the overdue principal amount for each day of delay	Yes
5	Prepayment / Part-Prepayment Charges (Fixed Rate Loans)	Nil for prepayment and Part prepayment	Applicable if the borrower prepays part or full outstanding before the end of tenure.	Yes on charges
6	Foreclosure / Full Prepayment	NIL — Waived as per RBI guidelines	Not applicable	N/A
11	Stamp Duty / Legal / Documentation Charges	Actuals — as per applicable stamp duty rates in the relevant state	Charged at cost	As applicable
12	Property Valuation Charges (LAP)	Actuals — as charged by empanelled valuer	Charged at cost for LAP loans; valuation fee paid to Company's empanelled valuer	Yes

9. Penal Charges — Compliance with RBI Circular dated August 18, 2023

In full compliance with the RBI Penal Charges Circular dated August 18, 2023, Atmos Finance's penal charges framework is as follows:

- Penal charges shall be levied only for non-compliance with material terms and conditions of the loan — specifically, non-payment of EMIs on the due date.
- Penal charges are NOT in the nature of penal interest — they are not an additional interest rate charged on the outstanding loan balance. They are charged on the overdue principal amount only.
- Penal charges are non-compounding — they shall not be capitalised into the principal or compounded on themselves.
- Penal charges shall be distinct from the contracted interest rate and shall be separately disclosed in the KFS, loan agreement, and on the Company's website — with the quantum and reason clearly stated, in line with para 45.3.6 of MD-SBR.
- The contracted interest rate shall remain unchanged during the period of default — the penal charge is the only additional amount levied.
- After NPA classification, income recognition shall shift to a cash basis — interest shall not be accrued on NPA accounts.
- Penal charges shall be applied only after the grace period specified in the loan agreement has elapsed.

10. Changes in Interest Rates and Charges — Prospective Application

- All changes in interest rates and charges shall be effected **only prospectively** — i.e., with effect from a future date — and shall **NOT** apply retrospectively to any prior period.
- The Company shall provide **30 days' prior written notice** to borrowers of any proposed change in the interest rate or charges applicable to their loan, through SMS / email / written communication to the borrower's registered contact details.
- Upon implementation of any rate / charge change, the Company shall provide each affected borrower with:
 - Written confirmation of the revised rate / charge and the effective date;
 - A revised repayment schedule (where applicable);
 - A revised KFS (if the change materially alters the APR or total cost of the loan).

- Changes in the Board-approved rate bands shall be published on the Company's website at www.procredit.co.in with effect from the date of the revision, with a clear indication of the revision date.
- Existing borrowers on fixed-rate loans shall not be subject to any upward revision in interest rates during the contracted tenure, unless the loan agreement specifically provides for a floating rate or reset clause.
- The Company shall not levy any new charge on existing borrowers that was not disclosed in the original KFS / loan agreement, unless the borrower's prior written consent is obtained.

11. Prohibition on Foreclosure Charges — Floating Rate Individual Loans

In compliance with RBI guidelines and the Company's Fair Practices Code, the Company shall not levy any foreclosure charges or prepayment penalties on floating rate term loans sanctioned to individual borrowers for purposes other than business, with or without co-obligants. This prohibition is absolute and unconditional.

For fixed-rate loans and business loans, prepayment / foreclosure charges may be levied as specified in the Schedule of Charges in Section 8 above, provided such charges are disclosed upfront in the KFS and loan agreement.

12. Website Disclosure

The Company shall maintain the following disclosures on its website at www.procredit.co.in at all times:

- Product-wise interest rate ranges (minimum and maximum) — as per Section 4 of this Policy;
- The Schedule of Charges — complete list of all charges with quantum and reasons — as per Section 8 of this Policy;
- The quantum and reasons for penal charges — in line with the RBI Penal Charges Circular of August 18, 2023;
- A statement that rates and charges are subject to revision and will be updated on the website upon any Board-approved revision;
- The effective date of the current rate schedule.

13. Board Approval and Delegation

Decision	Approval Required
Approval of this Policy (and revisions thereto)	Board of Directors — mandatory
Setting / revising product-wise rate bands	Board of Directors — mandatory; effective from the date of Board resolution
Setting / revising any charge in the Schedule of Charges	Board of Directors — mandatory
Individual loan pricing within Board-approved rate band	Credit Officer / Credit Committee — within delegated authority per Credit Policy
Pricing outside the Board-approved rate band for a specific loan	Board of Directors — specific Board approval required; to be treated as a deviation
Waiver of any charge for a specific borrower	MD & CEO (within defined limits) or Board (above defined limits) — per Credit Policy DoA matrix

14. Consistency with Loan Documents and KFS

Every rate and charge defined in this Policy shall be reflected **consistently** across all borrower-facing documents:

Document	Content Required
Key Fact Statement (KFS)	Contracted interest rate, processing fee, APR, EMI amount, total amount payable, penal charge rate, prepayment charge, all other applicable charges
Loan Agreement	All charges defined in Schedule of Charges that apply to the borrower's product; prospective rate change clause (para 45.4.1 MD-SBR); SMA/NPA classification examples
Sanction Letter	Interest rate, EMI, tenure, processing fee, APR, sanction conditions
Company Website	Product-wise rate ranges, complete Schedule of Charges, penal charges with reasons — updated upon every revision
Repayment Schedule	EMI due dates, principal component, interest component, closing principal for every instalment

Approved by the Board of Directors | Atmos Finance Private Limited | 26th May 2026