

Kay Kay Hire Purchase Private Limited

Interest Rate, Fees, Charges & Penal Charges Policy

1. Pricing factors

- Cost of funds, liquidity and capital allocation;
- Operating, technology, dealer-engagement, servicing and acquisition costs;
- Expected credit loss, security, repayment structure and collection risk;
- Borrower profile, income stability, credit history, internal risk grade and transaction characteristics;
- Product, amount, tenor, geography, channel, dealer and market conditions;
- Regulatory, tax, insurance and third-party costs; and
- A reasonable margin consistent with fair lending and sustainability.

2. Secured versus unsecured

The nature, adequacy and realisability of security, and the margin contributed by the borrower, are explicit pricing inputs. **Unsecured lending carries a materially higher risk premium than secured vehicle finance**, because there is no asset to realise on default. The Company does not represent otherwise.

3. Risk gradation

- Different borrowers or products may carry different rates because the relevant risk and cost factors differ. Borrowers presenting a comparable risk profile in a comparable product are offered comparable terms.
- The approach to risk gradation is disclosed in plain language. Prohibited or discriminatory characteristics are never used.
- Exceptions require documented approval under the delegated-authority framework.

4. Disclosure and annualisation

- The applicable annualised interest rate and the all-in APR are disclosed before acceptance.
- **Every rate is expressed on an annualised basis.** This matters particularly for short-tenor and bullet-repayment products, where a rate expressed for the period of the loan would understate the annual cost.
- Fees, taxes, deductions, net disbursement, repayment cash flows and contingent charges are itemised in the KFS and the agreement.
- For a bullet product, the customer is shown **both** the exact rupee amount payable at maturity **and** the APR, so that the cost is not understated by the shortness of the tenor.

5. Interest calculation

- Interest is charged only on the amount and for the period permitted by the agreement and by law.
- **Interest commences from the actual disbursement or utilisation date**, not from sanction or document execution.

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- Any change in a floating rate follows the agreed benchmark, reset mechanism and notice requirements.

6. Fees and third-party charges

- A fee is levied only for a genuine service or cost, under an approved schedule and with prior disclosure.
- Third-party charges recovered through the Company — including hypothecation, registration and statutory recoveries — are identified and supported by a receipt or evidence where required.
- Any fee payable to a Lending Service Provider for outsourced digital-lending services is borne by the Company and is not collected separately from the borrower.
- Repossession, storage and sale costs, where applicable, are recovered only to the extent actually incurred and disclosed.

7. Penal charges

- A consequence for material non-compliance is treated as a **penal charge**, not as penal interest added to the rate.
- The charge is reasonable, proportionate, Board-approved and applied consistently to similarly situated customers, and is not discriminatory within a product category.
- **Penal charges are not capitalised and no further interest is computed on them.**
- The reason and amount are disclosed in the KFS and agreement and communicated when levied.

8. Prepayment and foreclosure

The Company does not levy foreclosure charges or prepayment penalty on a floating-rate term loan sanctioned to an individual borrower for a purpose other than business. Where such charges otherwise apply, they are disclosed in the KFS and the agreement. No prepayment penalty applies to an exit during the look-up period.

9. Waiver, reversal and refund

Waivers or reversals may be approved under documented authority for error, service failure, vulnerability, settlement, legal requirement or another justified circumstance. **A waiver does not create a precedent or a discriminatory preference.**

11. Governance and review

Pricing models, product economics, complaint patterns, effective customer APR and exceptions are reviewed periodically. Compliance, internal audit and risk may test implementation and report deviations. The published methodology is updated whenever the approved approach materially changes.