



Deutsche Investments India Private Limited (DIPL)

Framework for Interest Rate and other charges

w.e.f. April 1, 2026

Background

The Reserve bank of India (RBI) vide its direction RBI/DOR/2025-26/362 DOR.MCS.REC.No.281/01-01-039/2025-26 dated November 28, 2025 – Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025, has mandated that the Board of applicable NBFCs shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the interest rate to be charged for loans and advances.

Products Offered

DIPL offers secured lending products to client segments that includes Corporates, Institutions, Ultra High Net Worth Individuals and High Net worth Individuals. Primarily the offering is lending against financials securities, popularly known as LAS.

Currently, RBI has not prescribed a specific benchmark rate for the NBFC to adopt for their client pricing model but expects that all NBFC follow an internal “reference rate” suitable to their product offering for levying of margins and final interest rate to the clients.

The interest rate charged by DIPL for a particular loan/ facility transaction will depend on various factors including, but not limited to the following:

- Benchmark Rate / Internal reference rate
- Spread/Margin

Spread will include components like, but not limited to, tenor, credit risk premium and business strategy spread. DIPL follows a risk-based pricing mechanism across its products and customer segments.

The rate of interest will be expressed as an annualized rate in % terms.

A. Benchmark Rate / Internal reference rate:

The interest rate offered by DIPL is on floating rate basis benchmarked to internal “reference rate”. The reference rate / changes to reference rate are advised by the Treasury team which is referred to as CoF (cost of funds).



Tenure based CoF is adopted as the Benchmark rate for the loans offered to the WM clients. Detailed explanation of the CoF calculation can be found in the KOP of the treasury team, a brief overview of the same is represented below –

The FTP (funds transfer pricing) curve is based on a combination of local liquid benchmarks on which overlay spreads are included, but are not restricted to, credit spread, liquidity spread, stress premium, issuance cost and tenor premium. The aggregate cost represents the cost of funding the balance sheet by raising liabilities from the Money/Capital markets. The final offer side of the FTP curve is calculated as the weighted average cost of Group equity/capital and liabilities.

The Funds transfer pricing (FTP) curve is published by treasury on a daily basis across tenors from overnight up to 1 year and is referred to as CoF. Customers are free to choose the tenure that suits their requirements from the below mentioned tenures and that would constitute the Benchmark Rate for their loans

- ✓ 1 month
- ✓ 3 months
- ✓ 6 months
- ✓ 9 months
- ✓ 12 months

Any exception to the above tenures for benchmark rates will be advised by Treasury team purely on an exceptional basis.

B. Spread / Margin:

The components of margin / spread which would impact the pricing of credit facilities are explained below:

1) **Credit Risk Premium** which broadly covers factors representing the default risk arising from credit facility sanctioned. Credit risk premium considers the following components:

- a) Client profile - HNI/UHNI, type of industry/business, likelihood of promoter/sponsor supporting the business, amongst other factors. Additionally, financial profile and business outlook of the borrower and promoter/sponsor/guarantor is considered.
- b) Nature of Collateral - This is the result of the underlying security type (liquid/illiquid, tangible/intangible). For example - Loans against diversified liquid collateral will typically be applied a lower collateral premium when compared to concentrated or relatively illiquid collateral.
- c) Customer Relationship / Track record – The overall customer relationship and track record (including account conduct and past debt servicing history) are additional factors considered when assessing the credit risk.
- d) Product factors – consider's the nature of the product applied for and the inherent risk in the product

2) **Business Strategy** comprises of the market factors and considers the pricing available to customers for a similar type of loan in the market, this component reflects:



- a) Market Competition which would factor in the pricing being offered by competitors for similar facilities.
- b) Strategic Considerations which would include any strategy to focus on specific product offerings, type of clients, future business potential, etc.

Table documenting the range of spread / margin for components (as listed above) is given as under:

Credit Risk Premium	Business Strategy
Upto 5%	-5% to 5%

C. Reset of Interest:

All floating rate credit facilities would be reset basis the Benchmark Rate on the contracted reset dates of the loans. If the 1month CoF is used as the Benchmark Rate then the loan would be reset every month

The periodicity of reset shall be as agreed with the Borrower and Interest shall be reset only at the pre-agreed frequency.

Interest shall be payable by the borrower, at the frequency and rate, agreed with the lender and communicated in the disbursal / interest reset confirmation letter.

D. Processing Fees / Service Charges / Other Charges

S No	Particulars	Charges Applicable
1.	Processing fees and Service charges	0.50% of the sanction limit
2.	Charges for Liquidation / Sale of securities / pledge invocation charges	Upto 0.10% plus applicable taxes on the Sales Consideration Stamp Duty, if applicable - Recovery of charges, as per actuals incurred by DI IPL.
3.	Loan Part-prepayment / prepayment / Breakage cost	5% of the Facility amount prepaid The Breakage Cost shall be calculated and communicated by DI IPL to the Borrower on the occurrence of such an event. If the borrower is an Individual, with or without co-borrower or Micro & Small Enterprise (MSE) ^[1] and the loan is availed on floating rate of interest, then there will be no Loan part-prepayment / prepayment / Breakage Costs, irrespective of the source of funds used for pre-payment of loans, in part or in full and loan to be without any minimum lock-in period.



4.	Renewal Fee	Nil
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Note - These charges shall attract GST and such other statutory taxes at the applicable rates in force.

^[1] Customers categorized as Micro and Small Enterprises, shall not be charged part-prepayment/ prepayment/ breakage charges on floating rate loans sanctioned/ renewed on or after January 1, 2026. The same is subject to change and will be as applicable from time to time.

E. Penal Charges

If the Borrower fails to pay on the relevant Interest Payment Dates or Repayment Dates any sum due to DI IPL pursuant to the Facility Letter and/or the Drawdown Letter, DI IPL shall be entitled to levy a penal charge @ 0.02x of the amount involved/outstanding, as a one-time charge, for each event.

DI IPL shall not capitalize penal charges i.e., no further interest computed on such charges.

These charges shall attract GST and such other statutory taxes at the applicable rates in force.

F. Delegation of Authority

Loan pricing approval authority including any exception to the above, shall be approved by DI IPL CEO (or delegate). The coverage RM shall propose the Loan pricing to be charged to clients based on business justification which will be approved by DI IPL CEO (or delegate).