**Annex-A**

## Key Facts Statement

**Part 1 (Interest rate and fees/charges)**

| | | | | |
|---|---|---|---|---|
| **1** | **Loan proposal/ account No.** | | **Type of Loan** | |
| **2** | **Sanctioned Loan amount (in Rupees)** | | | |
| **3** | **Disbursal schedule**<br>**(i) Disbursement in stages or 100% upfront.**<br>**(ii) If it is stage wise, mention the clause of loan agreement having relevant details** | | | |
| **4** | **Loan term (year/months/days)** | | | |
| **5** | **Instalment details** | | | |

| | **Type of instalments** | **Number of EPIs** | **EPI (₹)** | **Commencement of repayment, post sanction** |
|---|---|---|---|---|
| | | | | |

| | | |
|---|---|---|
| **6** | **Interest rate (%) and type (fixed or floating or hybrid)** | |
| **7** | **Additional Information in case of Floating rate of interest** | |

| | **Reference Benchmark** | **Benchmark rate (%) (B)** | **Spread (%) (S)** | **Final rate (%) R = (B) + (S)** | **Reset periodicity (Months)** | **Impact of change in reference benchmark: EPI (₹)** | **Impact of change in reference benchmark: No. of EPIs** |
|---|---|---|---|---|---|---|---|
| | | | | | | | |

| **8** | **Fee/ Charges** | **Payable to the RE (A)** | | **Payable to a third party through RE (B)** | |
|---|---|---|---|---|---|
| | | **One-time/ Recurring** | **Amount (in ₹)** | **One-time/ Recurring** | **Amount (in ₹) or Percentage (%) as applicable** |
| (i) | Processing fees (Incl GST) | | | | |
| (ii) | Insurance charges | | | | |
| (iii) | Valuation fees (Gold Appraiser) | | | | |
| (iv) | Any other (please specify) | | | | |

| | | |
|---|---|---|
| **9** | **Annual Percentage Rate (APR) (%)** | |
| **10** | **Details of Contingent Charges (in ₹ or %, as applicable)** | |
| (i) | Penal charges, if any, in case of delayed payment | |
| (ii) | Other penal charges if any | |
| (iii) | Foreclosure charges, if applicable | |
| (iv) | Charges for switching of loans from floating to fixed rate and vice versa | |
| (v) | Auction related expenses. | |
| (vi) | Any other charges (please specify) | |

**Part 2 (Other qualitative information)**

| | | | |
|---|---|---|---|
| **1** | **Clause of Loan agreement relating to engagement of recovery agents** | | |
| 2 | Clause of Loan agreement which details grievance redressal mechanism | | |
| 3 | Phone number and email id of the nodal grievance redressal officer | | |
| 4 | Whether the loan is, or in future maybe, subject to transfer to other REs or securitisation (Yes/ No) | | |
| **5** | **In case of lending under collaborative lending arrangements (e.g., co-lending/ outsourcing), following additional details may be furnished:** | | |
| **Name of the originating RE, along with its funding proportion** | | **Name of the partner RE along with its proportion of funding** | **Blended rate of interest** |
| | | | |
| **6** | **In case of digital loans, following specific disclosures may be furnished:** | | |
| (i) | Cooling off/look-up period, in terms of RE's board approved policy, during which borrower shall not be charged any penalty on prepayment of loan | | |
| (ii) | Details of LSP acting as recovery agent and authorized to approach the borrower | | |

**Annex-B**

## Computation of APR

The example below explains how APR is calculated for a hypothetical retail or MSME loan. APR reflects the annualised cost of the loan by considering the amount actually made available to the customer, the repayment amounts and the timing of those repayments. It includes interest and the fees or charges included in the APR calculation.

**Why APR is higher than the stated interest rate**

In this example, the stated interest rate is 15.00%, while the APR is 17.07%. The APR is higher because ₹400 of fees and charges is deducted or routed at disbursement. The customer therefore actually receives net amount ₹19,600, but the instalments are calculated for a loan of ₹20,000.

| Sr. No. | Parameter | Details |
|---|---|---|
| 1 | Sanctioned Loan amount (in Rupees) (Sl no. 2 of the KFS– Part 1) | ₹20,000 |
| 2 | Loan Term (Sl no. 4 of the KFS– Part 1) | 24 months |
| a) | No. of instalments for payment of principal, in case of non-equated periodic loans | Not Applicable |
| b) | Type of EPI<br>Amount of each EPI (in Rupees) and<br>Nos. of EPIs<br>(Sl No. 5 of the KFS– Part 1) | Monthly EPI<br>₹970 (rounded)<br>24 EPIs |
| c) | No. of instalments for payment of capitalised interest, if any | Not Applicable |
| d) | Commencement of repayments, post sanction (Sl No. 5 of the KFS– Part 1) | 30 days after sanction |
| 3 | Interest rate type (fixed or floating or hybrid) (Sl No. 6 of the KFS– Part 1) | Fixed |
| 4 | Rate of Interest (Sl No. 6 of the KFS– Part 1) | 15.00% per annum |
| 5 | Total Interest Amount to be charged during the entire tenor of the loan as per the rate prevailing on sanction date (in Rupees) | ₹3,274 |
| 6 | Fee/ Charges payable (in Rupees) | ₹400 |
| a) | Payable to the RE (Sl No.8A of the KFS-Part 1) | ₹240 |
| b) | Payable to third-party routed through RE (Sl No.8B of the KFS– Part 1) | ₹160 |
| 7 | Net disbursed amount (1-6) (in Rupees) | ₹19,600 |
| 8 | Total amount to be paid by the borrower (sum of 1 and 5) (in Rupees) | ₹23,274 |
| 9 | Annual Percentage rate- Effective annualized interest rate (in percentage) (Sl No.9 of the KFS- Part 1) | 17.07% per annum |
| 10 | Schedule of disbursement as per terms and conditions | 100% upfront |
| 11 | Due date of payment of instalment and interest | |

**How the 17.07% APR is calculated**

**Step 1: Determine the amount actually made available**

**Sanctioned loan amount** ₹20,000 − **fees and charges** ₹400 = **net disbursed amount ₹19,600**

**Step 2: Identify the repayment cash flows**

The customer receives ₹19,600 at the start and then pays 24 monthly instalments. The unrounded instalment used for the calculation is approximately ₹969.73. The repayment schedule displays ₹970 because instalments are shown in whole rupees.

| Cash-flow point | Customer cash flow | Meaning |
|---|---|---|
| At disbursement | +₹19,600 | Amount available to the customer after fees and charges |
| Months 1 to 24 | −₹969.73 each month | Unrounded monthly repayment used for the calculation |

**Step 3: Find the monthly rate that balances both sides**

The Internal Rate of Return (IRR) is the monthly rate "r" at which the present value of the 24 repayments equals the net amount made available to the customer:

$$\textbf{₹19,600} = \frac{₹969.73}{(1+r)^1} + \frac{₹969.73}{(1+r)^2} + \ldots + \frac{₹969.73}{(1+r)^{24}}$$

Solving this equation gives a monthly IRR of approximately 1.4225%.

**Step 4: Annualise the monthly rate**

**APR = monthly IRR × 12 = 1.4225% × 12 = 17.07% per annum**

**How to read this result**
For every ₹100 actually made available to the customer, the loan has an annualised cost represented by an APR of 17.07%, based on the stated repayments and included charges. APR helps compare loans with different fees and payment structures. It does not mean that 17.07% of the sanctioned amount is charged once each year.

**Rounding note**
The detailed repayment schedule shows 24 instalments of ₹970, totalling ₹23,280. The principal plus calculated interest is ₹23,274. The ₹6 difference arises because the unrounded instalment of approximately ₹969.73 is displayed as ₹970 in the schedule.

**Annex C**

**Illustrative Repayment Schedule.**

This schedule relates to the hypothetical loan in Annexure B. It shows how each monthly instalment is divided between interest and principal. As the outstanding principal falls, the interest component decreases and the principal component increases.

| Instalment no. | Outstanding principal (₹) | Principal component (₹) | Interest component (₹) | Instalment (₹) |
|---|---|---|---|---|
| 1 | 20,000 | 720 | 250 | 970 |
| 2 | 19,280 | 729 | 241 | 970 |
| 3 | 18,552 | 738 | 232 | 970 |
| 4 | 17,814 | 747 | 223 | 970 |
| 5 | 17,067 | 756 | 213 | 970 |
| 6 | 16,310 | 766 | 204 | 970 |
| 7 | 15,544 | 775 | 194 | 970 |
| 8 | 14,769 | 785 | 185 | 970 |
| 9 | 13,984 | 795 | 175 | 970 |
| 10 | 13,189 | 805 | 165 | 970 |
| 11 | 12,384 | 815 | 155 | 970 |
| 12 | 11,569 | 825 | 145 | 970 |
| 13 | 10,744 | 835 | 134 | 970 |
| 14 | 9,909 | 846 | 124 | 970 |
| 15 | 9,063 | 856 | 113 | 970 |
| 16 | 8,206 | 867 | 103 | 970 |
| 17 | 7,339 | 878 | 92 | 970 |
| 18 | 6,461 | 889 | 81 | 970 |
| 19 | 5,572 | 900 | 70 | 970 |
| 20 | 4,672 | 911 | 58 | 970 |
| 21 | 3,761 | 923 | 47 | 970 |
| 22 | 2,838 | 934 | 35 | 970 |
| 23 | 1,904 | 946 | 24 | 970 |
| 24 | 958 | 958 | 12 | 970 |

**Understanding the schedule**

For instalment 1, interest is ₹250, which is 1.25% of the opening principal of ₹20,000. The remaining ₹720 reduces the principal. For instalment 24, only ₹12 is interest and ₹958 clears the remaining principal. Figures are rounded to whole rupees for display.

**Important information**

- This document is a display format. The KFS issued to a customer contain the information applicable to that customer’s sanctioned loan.
- Fees, charges, repayment dates and other terms will depend on the relevant loan product and sanction terms.