

INTEREST RATE POLICY

V1 dated 20-03-2026

1. Objective

The objective of this Interest Rate Policy is to establish a transparent, consistent, and risk-based framework for determining interest rates on loans and advances offered by the NBFC, in compliance with applicable regulatory guidelines.

2. Scope

This policy applies to all lending products offered by the NBFC, including but not limited to:

- Secured loans
- Unsecured loans
- Business Loans
- Bridge Loan for Trade
- Corporate lending products

3. Guiding Principles

The NBFC shall adopt the following principles while determining interest rates:

- **Risk-Based Pricing:** Interest rates shall reflect the credit risk profile of the borrower.
- **Transparency:** All rates and charges shall be clearly communicated to customers.
- **Fair Practices:** The pricing framework shall be non-discriminatory and consistent.
- **Regulatory Compliance:** Adherence to all applicable regulatory guidelines.

4. Components of Interest Rate

The interest rate charged to borrowers shall comprise the following components:

a. Cost of Funds

- Cost incurred by the NBFC to raise funds (borrowings, debentures, bank loans, etc.)

b. Operating Expenses

- Administrative and operational costs associated with loan origination and servicing

c. Credit Risk Premium

- Based on borrower's creditworthiness, repayment capacity, and past credit history

d. Tenor Premium

- Adjustment for loan tenure (longer tenures may carry higher risk)

e. Profit Margin

- Reasonable margin to ensure sustainability and growth

5. Factors Influencing Interest Rates

Interest rates may vary based on:

- Borrower's credit score and financial profile
- Nature and value of collateral security
- Loan amount and tenure
- Industry/business risk (for MSME/corporate loans)
- External benchmark rates (if applicable)
- Market conditions and liquidity

6. Interest Rate Model

The NBFC shall adopt either:

- **Fixed Interest Rate:** Remains constant throughout the loan tenure
- **Floating Interest Rate:** Linked to an internal or external benchmark and reset periodically
- **Revenue Based Venture Funding :** For Venture Funding, revenue based finance cost will be charged based on the business profile.
- **Cash Flow Based Venture Funding:** For Venture Funding, Cash Flow based flexi-Emi facility will be provided. Based on cash flow risk estimation, finance cost will be charged.

7. Over Due Charges / Default Interest

- Overdue charges shall be levied only for genuine defaults or delays in repayment.
- Such charges shall be reasonable, non-compounding, and clearly disclosed.
- No excessive or usurious penal interest shall be charged.

8. Transparency and Disclosure

The NBFC shall:

- Provide borrowers with a sanction letter detailing:
 - Applicable interest rate
 - Type (fixed/floating)
 - All fees and charges
- Communicate any changes in interest rates in a timely manner

9. Reset and Review Mechanism

- Interest rates shall be reviewed periodically based on:
 - Changes in cost of funds
 - Market conditions
 - Regulatory requirements
- Floating rates shall be reset at defined intervals as per loan agreements

10. Grievance Redressal

- Borrowers may raise concerns regarding interest rates through the NBFC's grievance redressal mechanism.
- All complaints shall be addressed promptly and fairly.

11. Board Approval and Review

- This policy shall be approved by the Board of Directors.
- It shall be reviewed at least annually or as required by regulatory changes.

12. Amendments

- Any amendments to this policy shall require Board approval and shall be communicated to all relevant stakeholders.