
INTEREST RATE POLICY

DOCUMENT VERSION HISTORY

Version	Effective Date	Review	Approving Authority	Policy Owner
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Reserve Bank of India (RBI) had vide its Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 ('Master Directions') advised that the Board of Directors ('Board') of Non-Banking Finance Companies (NBFC's) shall lay out appropriate internal principles and procedures in determining interest rates, processing and other charges. In this regard, RBI further requires NBFCs to adopt an appropriate interest rate model taking into account relevant factors and to disclose the rate of interest, gradations of risk and rationale for charging different rate of interest.

Keeping in view the RBI's guidelines as cited above, and the good governance practices, Finaleap Finserv Private Limited ('Company') has adopted the following internal guidelines, policies, procedures and interest rate model for its lending business, in accordance with the Master Directions, as amended and updated from time to time.

These need to be taken cognizance of while determining interest rates and other charges, and changes thereto.

The average yields and the rate of interest under each product is decided from time to time giving due consideration to the following factors;

- a) Operating cost in our business and maintaining the stakeholders' expectations for a reasonable, market-competitive rate of return;
- b) Inherent credit and default risk in our business, particularly trends with sub-groups/ customer segments of the loan portfolio;
- c) Nature of lending, for example unsecured/ secured, and the associated tenure;
- d) Risk profile of customer - professional qualification, stability in earnings and employment, financial positions, past repayment track record with us or any other lenders, external ratings of customers/ borrowers/ pledger(s), credit reports, customer relationship, future business potential, any pending dispute or civil and criminal cases etc.;
- e) Industry trends - offerings by competition, economic trends etc.
- f) Nature and value of securities and collateral(s) offered by customers/ borrowers/ pledger(s), if any depending on type of loan;
- g) The cost of funds on the borrowings, as well as costs incidental to those borrowings, taking into consideration the average tenure, market liquidity and refinancing avenues, etc.;
- h) Subventions and subsidies available, if any.

- a) The rate of interest for same product and tenure availed during the same period by separate customers may not be standardized but may vary within a range, depending amongst other things, the factors mentioned above.
- b) The Company shall disclose the annualized rate of interest and the below mentioned approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers in the application form and communicate explicitly in the sanction letter:
 - (i) Approach / factors mentioned below to be considered for assessing gradation of risks for each customer:
 - Profile, financial stability and market reputation;
 - Credit history and duration of relationship with the customer;
 - Group strength, overall customer yield, future potential, repayment capacity based on cash flows and other financial commitments;
 - Interest, default risk in related customer segment;
 - RBI guidelines, other laws or any other factors on a case-by-case basis, as applicable.
 - c) The interest rates offered may be on fixed and, or floating/ variable basis. Changes in interest rates would be decided at any periodicity, depending upon market volatility and competitor review.
 - d) Besides normal interest, the Company may levy additional interest for adhoc facilities, penal interest for any delay and, or default in making payments of any dues. The levy or waiver of these additional or penal interests for different products or facilities would be decided in accordance with provisions of this Policy.
 - e) The Company shall mention the penal interest in bold in the loan/ master financing agreement.
 - f) The interest re-set period for floating/ variable rate lending would be decided by the Company from time to time, applying the same decision criteria as considered for fixing of interest rates.
 - g) The Company may consider necessary moratorium for payment of interest and repayment of principal amount with proper built in pricing, on a case-to-case basis.
 - h) Interest could be charged on monthly or quarterly basis depending on different products. Specific terms in this regard would be addressed through the relevant product credit policy.
 - i) Interest rates would be intimated to the customers at the time of sanction/ availing of the loan and the EMI apportionments towards interest and principal dues would be made available to the customer.

- j) Interest shall be payable on due date as communicated and no grace period for payment of interest is allowed.
- k) Any change in the interest rate or other charges shall be made prospectively and intimation of change of interest or other charges would be communicated to customers in a manner deemed fit, as per terms of the loan documents. A suitable condition in this regard shall be incorporated in the loan agreement.
- l) Besides interest, other financial charges like processing fees, cheque bouncing charges, pre-payment/ foreclosure charges, part disbursement charges, cheque swaps, cash handling charges, RTGS/ other remittance charges, commitment fees, charges on various other services like issuing NO DUE certificates, NOC, letters ceding charge on assets/ security, security swap & exchange charges, etc. would be levied by the Company wherever considered necessary. Besides the base charges, the service tax and other cess would be collected at applicable rates from time to time. Any revision in these charges would be with prospective effect. A suitable condition in this regard would be incorporated in the loan/ master financing agreement. These charges would be decided upon collectively by the management of the Company.
- m) The practices followed by competitors would also be taken into consideration while deciding on interest rates/ charges.
- n) Interest rate models, base lending rate and other charges, and their periodic revisions are made available to our prospective and existing customers through our offices and branches. Prior to entering into an agreement with our customers, we provide them with our statement of charges and interest, and address their queries on the same, to their satisfaction. Our loan officers ensure charges and rates of interest are explained clearly and transparently to the customer(s) who may be interested in our loan products.
- o) In case of staggered disbursements, the rate of interest would be subjected to review and the same may vary according to the prevailing rate at the time of successive disbursements or as may be decided by the Company.
- p) Claims for refund or waiver of such charges/ penal interest/ additional interest would normally not be entertained by the Company and it is the sole and absolute discretion of the Company to deal with such requests.
- q) No interest, charge or penalty shall be charged with retrospective effect.
- r) Interest on demand/ call loans, as stipulated in the policy on demand/ call loans (if any) shall be payable either at monthly or quarterly rests. The sanctioning authority shall record specific reasons in writing at the time of sanctioning demand or call loan, if no interest is stipulated or a moratorium is granted for any period.
- s) All transactions of the Company shall be rounded off to the nearest rupee, i.e. fractions of 50 paise and above shall be rounded off to the next higher rupee and fractions of less than 50 paise shall be ignored.
- t) This Policy stating the approach for gradation of risks and the annualized rate of interest shall also be made available on the website of the Company. The information published on the website would be updated whenever there is a change in the rates of interest and, or the approach for gradation of risks.

The product wise interest type and annualised rate of interest is tabulated below:

Sr. No	Product	Interest Type
1	Loan against property	Fixed
2	Personal loan	Fixed
3	Supply chain finance	Fixed
4	Micro finance loan	Fixed
5	Loan against gold	Fixed
6	Short term digital loan	Fixed

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ADMINISTRATION, AMENDMENT AND REVIEW OF THE POLICY

The Board or the Committee, as the case may be, shall be responsible for the administration, interpretation, application and review of this Policy. The Board or the Committee, as the case may be, shall also be empowered to bring about necessary changes to this Policy, if so required, at any stage at its own discretion or under applicable regulations.

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TRANSFER OF COMPANY BY WAY OF MERGER OR AMALGAMATION

In the case where the Company is merged with another company or gets amalgamated, all the accounts of this Company will merge with the accounts of the resulting company. The Company will enter into a fresh agreement for the loan after the merger and for creation of charge on the assets of the amalgamated company.