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Policy For Determining Interest Rates, Processing & Other Charges

Finova Capital Private Limited

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INTRODUCTION AND OBJECTIVES

As per Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 ("RBI Direction"), as amended from time to time, all NBFCs are required to have a Board approved interest rate model and a policy on penal charges.

Accordingly, Finova Capital Private Limited ("FCPL/the Company") is publishing this Policy for Determining Interest Rates, Processing and Other Charges in order to ensure transparency to conform to the stipulations of RBI's directives, and shall be applicable till further notice.

INTEREST RATE MODEL

This policy details the principles for determining interest for loans provided by FCPL as follows:

1. Lending rates are calculated taking into consideration FCPL's weighted average cost of funds, credit costs, overheads and other administrative costs.

2. The weighted average cost of funds depends on the different types of funding sources tapped by FCPL to fund its business. These are an amalgamation of equity, bank loans, debentures, commercial papers and other money market instruments.

3. The interest rate for loans for different business segments and products within that business segment differ due to the nature of the segment or product.

4. The interest rate for any business segment or product would incorporate FCPL's cost of funds, cost on account of risk and tenor for the concerned business segment / product, business / product specific operating cost and margin.

5. Some of the key factors / gradations of risk that impact interest rate are:

    i. Business risk, industry risk, market position, market reputation, vintage of the business, competition
    ii. Size and nature of the business, geographic location of the borrower
    iii. Historical performance of similar homogenous pools of borrowers
    iv. Profile and incorporation of the borrower, strength and experience of group
    v. Length of relationship with the borrower, repayment track record of existing borrower, credit history as revealed from available sources.
    vi. Credit and default risk in the related business segment / product e.g. interest rate may be higher for borrowers with lower credit scores / ratings
    vii. Nature and value of primary collateral and additional security
    viii. Existing and as the case may be, future financial position of the borrower, sustainability of cash flow of the borrower
    ix. Financial flexibility of the borrower
    x. Tenure of the loan e.g. interest rate may be higher for longer tenure loans
    xi. Interest rate trend prevailing in the money market

6. The Rate of Interest (ROI) for the same product and duration need not be standardized. It could vary for different customers depending any one or a combination of the above factors.

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7. Interest rates could be fixed or floating. Floating rate loans are benchmarked either to the commercial paper benchmark (FIMMDA - Thomson Reuters 3month Commercial Paper Benchmark <0#INFIMCPBMK>) or SBI Base Rate or to such benchmark as FCPL may deem fit.

8. Interest rates could be reset as decided by FCPL from time to time.

9. The interest rate is determined on case-to-case basis depending on customer's profile, the indicative ROI range for different products offered by Company is defined in **Annexure 1.**

10. Basis the above details for risk pricing methodology, FCPL has defined following indicative pricing linked on the inherent risk of product and customer segment:

Description	MSME/Housing Loans	Unsecured loan/ Personal Loan
Weighted Average Cost of Funds as on March 31, 2026	9.20%	9.20%
Overheads & Cost of operations	8.00%	8.00%
Average Risk premium	2.80%	4.00%
Risk of Floating Rate borrowings	1.00%	1.00%
Return on Assets	5.00%	5.00%
Indicative pricing	**26.00%**	**27.20%**

Notes:

a. The above-mentioned indicative pricing would act as a guidance and the yield for each of the products would vary based on the risk levels of the segment, product nature and market conditions.
b. Changes in the borrowing cost would lead to change in the indicative pricing and would accordingly change the lending rate to the customers.
c. The return on assets is arrived at basis the expectation on the profitability
d. The benchmark rate shall be reviewed annually or at such other intervals depending on the market conditions, by the ALCO and necessary changes shall be done if needed.

11. Applicable interest rates would be communicated to the borrower through detailed sanction letters. The sanction letters shall clearly state the terms and conditions of the loan and also the annualized interest rate applicable on the loan. The borrower shall also be provided with a copy of the repayment schedule that shows the breakup of principal and interest that are payable by the borrower.

12. Interest shall be payable monthly or quarterly, in advance or in arrears, depending on the business segment and the product.

13. All amounts, including interest and principal shall be payable immediately on the due date as provided in the repayment schedule and no grace period for any payments is allowed.

14. FCPL would also benchmark itself against prevailing practice followed by its competitors in the market to determine the applicable rate of interest for any business segment / product.

15. As each transaction we enter into is individually assessed, we do not publish interest rates.

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16. Any changes in the applicable interest rate would be communicated to the borrower in a manner as detailed in the loan agreements or in an adequately suitable mode and manner.

17. the FCPL will not introduce any additional component to the rate of interest.

FEES & CHARGES

The Company levies various charges on the customers as per the conduct of the account and certain standard charges as follows:

i. Sourcing costs at the time of application:

a. These costs are incurred by the Company before the customer takes his loan disbursement and will be covered through the charges deducted/ collected from the disbursement amount. These costs include Initial Money Deposit/Application Fees, login fee bounce charges etc.

b. All processing/ other charges may vary depending on the credit score/product offered/ customer profile/ticket size etc. and generally represent the cost incurred in rendering service to the customer. The Charges deducted at the disbursement of loan are Processing Fees, Stamp duty, Legal Charges (Non-encumbrance certificate / Search Report), CERSAI Fee, Translation Deed Charges, Valuation Charges, Communication Charges.

ii. Costs incurred during the tenure of the loan:

a. Besides interest, other financial charges such as Cheque dishonor Charges, Prepayment charges / Part Payment charges, Penal charges, Charges for missed due date, Bounce EMI Collection Charges, Loan Statement/Duplicate Repayment Schedule Charges, Cheque Representation Charges, Pre-Payment letter fees, Loan Re-schedulement Charges, Cheque/Repayment mode swap Charges, Communication charges, Document Custodian Fees, Charges for copy of Property Papers would be levied by the Company wherever considered necessary and intimated to the customer as a part of the loan agreement/ through any mode thereafter.

b. Besides these taxes and other cesses would be collected at applicable/ prevailing rates from time to time. Any revision in these charges would be with prospective effect. These charges would be decided collectively by the management of the Company.

iii. Charges applicable at the time of loan closure:

a. These charges will include pre-Payment letter fees and prepayment/ foreclosure charges.

b. A prepayment / foreclosure charge will be charged based on the costs incurred by FCPL, including but not limited to break costs and customer acquisition costs.

c. For individual borrowers, the prepayment charges for floating rate loans will be NIL.

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iv. Penal Charges

a. As a deterrent against willful delinquency and to encourage adherence to the terms and conditions of the loan agreement, FCPL may charge an additional / penal charge depending on the business segment / product and benchmarked against market / competitive conditions.

b. The penal charges in case of loans sanctioned to individual borrowers, for purposes other than business, shall not be higher than the penal charges applicable to non-individual borrowers for similar breach of material terms & conditions. The Penal Charges shall also be disclosed by the Company in the loan agreement, most important terms & conditions in addition to being displayed on the Company's website. Details of penal charges shall be the part of communication made regarding non- compliance of material terms and conditions of loan to the Borrowers. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

c. The FCPL shall not capitalise penal charges i.e. no further interest will be computed on such charges.

The list of above charges and quantum is set out in **Annexure 2.**

The CEO/COO are authorised to make any subsequent changes and/ or modification in any or all charges mentioned in the Annexure 2 and such changes will be placed in the subsequent Board Meeting.

Further it is the discretion of CBO/COO of the Company to reduce or waive all or any of the charges so applied on case-to-case basis.

Rational of Waiver: The basis for waiver of charges mentioned in the policy is as under:

1. Genuineness of the Customer request
2. Past track record of Customer and his repayment capacity
3. Recovery in foreseeable future found difficult
4. Persistent weakness in customer profile
5. In case of Death of Income earner
6. Medical emergencies in the family of borrower
7. Loss of Job/ business loss/ Family dispute
8. Poor financial conditions
9. Any other justified reason

Any revision in the Policy for Determining Interest Rates, Processing and Other Charges would be reviewed by the Finance Team and recommended to the Board for approval.

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Annexure 1 – Indicative List of Interest Rate Range

Parameters	CIBIL 700 or above	CIBIL from 650 to 699	CIBIL Below 650 including -1 or NTC
	ROI range	ROI range	ROI range
MSME - Secured /Home Loans			
Loan Amount up to Rs. 2 Lakh	20.00% - 28.00%	21.00% - 28.50%	22.00% - 29.00%
Loan Amount above Rs. 2 Lakh up to Rs. 3 Lakh (irrespective of the property title)	20.00% - 27.00%	21.00% - 27.50%	22.00% - 28.00%
Loan amount above Rs. 3 Lakh up to Rs. 7 Lakh (irrespective of the property title and guarantor)	18.00% - 26.00%	18.25% - 26.50%	18.50% - 27.00%
More than Rs. 7 Lakh	16.00% - 25.00%	16.25% - 25.50%	16.50% - 26.00%
Unsecured loan/ Personal Loan	18.00% - 28.00%	19.00% - 29.00%	20.00% - 30.00%

Notes:

- Above matrix excludes INBT/ TOP UP where the ROI shall be communicated from time to time as decided by the management and shall not be more than earlier offered ROI & PF.
- ROI proposed in the above risk-based pricing matrix shall be decided based on:
  - CIBIL Score of Main Income earner;
  - In case where all income earners are having same income then Applicant/ Co-applicant having the highest CIBIL score shall be considered;
- The interest rates mentioned above are on a diminishing balance basis.
- Above ROI grid applicable on sanction amount.
- Deviation from minimum ROI shall be approved by COO/CBCO on case-to-case basis
- Company will charge a fee of Rs. 2000/- plus applicable taxes, in case request for interest rate revision is received from the customer.

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Annexure 2 - Schedule of Charges

Sr. No.	Details of Charges	Applicable Charges
1	Processing Fees	To be levied basis the customer profile
2	Stamp duty	As applicable in the respective state
3	Legal Charges (Non-encumbrance certificate / Search Report)	Rs. 2000 + Applicable Taxes, Per Report
4	Loan Cancellation Charges	2% of Sanctioned Amount+ Applicable Taxes
5	Instrument Return Charge (Per instance)	Rs.1000 + Applicable Taxes
6	Prepayment charges / Part Payment charges (Per instance)	8% of Prepayment Amount + Applicable Taxes and levies No Prepayments allowed within one year of loan disbursement
7	Repayment mode/Instrument swap charges (Per instance)	Rs. 500 + Applicable Taxes
8	**Penal Charges**	**3% Per Month on the delayed amount for delayed period + Applicable Taxes (To be charged at monthly intervals)**
9	Bounce EMI Collection Charges (Per instance)	Rs. 1000 + Applicable Taxes
10	Loan Statement/Duplicate Repayment Schedule Charges (Per instance)	Rs. 500 + Applicable Taxes
11	Pre-Payment letter fees (Per instance)	Rs.3000 + Applicable Taxes
12	Valuation Charges (Per Property Per Visit)	Rs. 2000 + Applicable Taxes per Report Rs. 2500 + Applicable Taxes per Report (Only for Odisha State)
		Additional Rs. 1500 (Inclusive of applicable taxes) if Amin Report is required
13	Communication Charges	Rs.1500 + Applicable Taxes (For Loan tenure upto 7 years)
		Rs.2500 + Applicable Taxes (For Loan tenure more than 7 years)
14	Loan Re-Schedulement Charges (Per instance)	Rs. 200 + Applicable Taxes
15	Document Custodian Fees	Rs. 100 + Applicable Taxes per month (Chargeable after 30 days of closure of the loan account)
16	Charges for Copy of Property Papers (Per instance)	Rs. 500 + Applicable Taxes
17	IMD/Login fee (Non-refundable) (To be adjusted in Processing Fees)	Rs. 2000 + Applicable taxes (For loan amount upto Rs. 10 lakhs) Rs. 3000 + Applicable taxes (For loan amount more than Rs. 10 lakhs)
18	FI/RCU Charge	Rs. 500 + Applicable taxes

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19	Credit Bureau Charge	Rs. 150 + Applicable taxes
20	Any regulatory/statutory reporting charges	On actual basis
21	Legal/Other charges/pertaining to Collections / Recovery / Arbitration etc.	On actual basis

Notes

- Upon the customer's request and with their consent, the Company shall deduct the following amounts from the customer's disbursal: Loan Suraksha Premium/Insurance Premium/– On actual basis
- Applicable taxes shall be levied as per the statutory requirement.

Processing Fees (PF) Matrix

Parameters	CIBIL 700 or above	CIBIL from 650 to 699	CIBIL Below 650 including -1 or NTC
	PF range	PF range	PF range
Processing Fees	1.00% - 3.00%	1.25% - 3.25%	1.50% - 3.50%

Notes

- Above matrix excludes INBT/ TOP UP where the PF shall be communicated from time to time as decided by the management and shall not be more than earlier offered PF.
- Above PF grid applicable on sanction amount.
- Deviation from minimum PF shall be approved by EVP/COO/CBCO on case-to-case basis

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