Interest Rate & Charges Policy

In compliance with the Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 read along with the Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025 dated November 28, 2025, updated from time to time, and other applicable regulations issued by the Reserve Bank of India ("RBI"), mandates all Non-Banking Financial Companies ("NBFCs") to have a Board of Directors ("Board") approved Interest Rate Model and a Policy on Penal Charges and other charges. In line with same requirement Kaunshya Investments Private Limited ("Company"), has adopted this Interest Rate & Charges Policy ("Policy"), taking in to account relevant factors such as cost of funds, margin and risk premium etc., and determine the rate of interest and other charges to be charged for loans and advances.

In addition to cost factors set out hereunder, the Board shall be guided by the market conditions and various rules and regulations, if any, prescribed by the RBI or such other authority from time to time.

Objective

- To arrive at the benchmark rates to be used for different categories of borrower segments and to decide on the principles and approach of charging spreads to arrive at final rates charged from borrowers.
- Communicate the annualized rate of interest and penal charges to the borrower, along with the rationale for charging different rates of interest to different categories of borrowers.
- Broad principles of charging penal charges.

Rate of Interest

The Company intimates the borrower, the loan amount, the rate of interest and any other charges which are applicable for the loan at the time of sanction of the loan along with the tenure, the amount and the due dates of the monthly instalments.

The rate of interest is determined on the basis of loan product type, loan amount, CIBIL score, weighted average cost of funds, average customer acquisition cost, administrative and operational costs, risk premium and profit margin. The rate of interest may get adjusted based on customer demography, credit behaviour and tenure of the loan.

The rates of interest are subject to change as the situation warrants and are subject to the discretion of the management and/or changes to extraneous cost factors which have a say in the setting up of the interest rate.

The Rate of Interest that shall be charged to the customers for availing its loan products will be within the range as mentioned below.

Annual Percentage Rate (APR)

APR as all-inclusive cost of loans for the borrower and this shall be disclosed upfront and shall also be a part of the Key Fact Statement.

Interest will be charged only from the date of disbursement of funds to the borrower.

In the case of disbursal or repayment of loans during the course of the month, interest will be charged only for the period for which the loan was outstanding.

Penal Interest shall not be charged however Penalty, for non-payment/delayed payment of instalments and / or non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances.

There shall be no capitalization of penal charges i.e., no further interest shall be computed on such charges

The quantum of penal charges shall be reasonable and commensurate with the noncompliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category. In any case the penal charges shall not exceed 10% of the amount due amount which is not paid by the customer on the due date plus applicable GST.

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 nonindividual borrowers for similar non-compliance of material terms and conditions.

The quantum and reason for penal charges shall be clearly disclosed to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed website under Interest rates and Service Charges.

Whenever reminders for non-payment of instalment's and / or non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

Fee & Charges

The Fee & Charges that shall be charged to the customers for availing the loan products will be as per the rates & amounts mentioned below.

a) **Processing Fee**

The processing fee is calculated on the basis of loan product type and costs associated with disbursement of the loan. The processing fee applicable to each loan account, within the applicable range shall be assessed on a case specific basis, based on evaluation of various factors such as:

- Loan amount
- Customer acquisition cost
- Cost of disbursement
- Loan specific costs including operation costs

b) Documentation and other Charges/Fees

i. Documentation charges - All documentation and other charges recovered are expressly stated in the loan documents. Such charges vary based on the loan product, customer segment, geographical location and generally represent the cost incurred in rendering the services to the customers.

ii. *Foreclosure/Prepayment Charges: Foreclosure of loan refers to the complete repayment of the Loan by the Borrower before the scheduled end of the Tenure subject to the payment of the Loan Foreclosure Charges and the GST applicable on such Loan Foreclosure Charges.

iii. **Part Prepayment Charges: The Company will levy Part Prepayment Charges upto a maximum of 2% of the principal amount prepaid.

**Foreclosure/Prepayment Charges: The Foreclosure/Prepayment Charges may vary by product. The specific details of such charges & methodology of the computation will be explicitly outlined in the Key Fact Statement, Sanction Letter, and Loan Agreement."*

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Regulation of excessive interest charged

a. The Company shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the electronic application form and communicated explicitly in the sanction letter.

b. The rate of interest shall be arrived at after taking into account relevant factors, such as cost of funds, margin and risk premium, including the following.
   i. Tenor of the Loan – The rate of interest charged will depend on the term of the loan;
   ii. Internal Costs of Funds – The rate of interest charged will also be determined depending on the rate at which funds necessary to provide loan facilities to

customers are sourced by the Company, normally referred to as internal cost of funds.

iii. Internal Cost Loading – The interest rate charged will also take into account costs of doing business. Factors such as the complexity of the transaction, the size of the transaction and other factors that affect the costs associated with a particular transaction will also be taken into account before arriving at the final rate of interest quoted to a customer.

iv. Credit Risk – As a matter of prudence, bad debt provision cost should also be factored into all transactions. This cost is then reflected in the final rate of interest quoted to a customer. The amount of bad debt provision applicable to a particular transaction will depend on the credit strength of the customer which shall be determined by the company based on certain parameters which are uniformly applicable.

v. Periodicity of Interest – Interest will be charged for the period as stipulated in the loan agreement, subject to any modifications thereto as may be agreed by and between the Company and the customer electronically.

c. The rate of interest is an annualised rate applied on a daily reducing balance so that the borrower is aware of the exact rates that would be charged to the account.

In respect of products carrying flat rate of interest the interest will be charged on the loan amount disbursed without reducing the balance outstanding due to recovery and the method of charging interest will be made known to the borrowers.

General Provisions

- Changes in Terms - The Company shall give notice to the borrower in English language with an option to choose a vernacular language as understood by the borrower of any change in the terms and conditions of the loan, including disbursement schedule, interest rates, service charges, prepayment charges etc. Further, any changes in the rate of interest shall be effected only prospectively and the loan agreement shall contain the necessary provisions in this regard.

- Grace Period - Interest will be payable by the customer / borrower on or before the due date stipulated there for in the loan agreement entered into by the customer / borrower with the Company. However, the Credit Head on request of borrower shall have discretionary power to grant a considered grace period to any customer / borrower.

- Moratorium - 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.

- Additional Interest and other Charges - Besides the normal interest, the Company levies additional interest for delays in payment of dues by the customer / borrower or additional interest on other facilities etc (annualised interest on the outstanding balance). The Company may charge other financial charges including processing fees, cheque bouncing charges, pre-payment / foreclosure charges, RTGS or such other remittance charges, commitment fees, charges for services like issuance of "no due certificate", security swap charges etc along with relevant taxes.

- Waiver of Additional Interest / Financial Charges - Requests by the customer for waiver of additional interest / financial charges would normally not be entertained by the Company and such waiver will be at sole and absolute discretion of the Credit Head or a person of equivalent position, exercised on a case to case basis or any other person that the Board deems fit.

- Company Website: The rates of interest shall be made available on the web-site of the company and literature issued by it. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.

a. Penal Charges / Late Payment charges

The penalty will be charged in case of non-compliance of material terms and conditions of loan contract by the borrower. The Company will not levy penal interest in case of default. The Company will not capitalize the penal charges i.e. no further interest will be computed on the penal charges. However, this will not affect the normal procedures for compounding of interest in the loan account. The Penal Charges would be in addition to the overdue interest charged at the contracted rate of interest for the period of delay on the outstanding principal. Further, the levy of penal charges does not prevent the Company from taking any legal action.

There will be no discrimination in the levy of penal charges within a particular loan / product category. For instance, the penal charges in case of loans sanctioned to the individual borrowers for purposes other than business shall not be more than that levied on non-individual borrowers for similar non- compliance of material terms and conditions.

The quantum and reason for penal charges shall be clearly disclosed to the customers in the loan agreement and sanction letter/Key Fact Statement (KFS) as applicable, and be displayed on the website under Interest rates and Charges. In addition to the upfront disclosure about the applicable penal charges, intimation shall also be sent to all borrowers about the applicable penal charges whenever reminders for non-compliance of material terms and conditions of loan are sent and at the time of levy of the penal charges along with the reasons thereof.

Besides normal interest, overdue interest, the Company may collect penal charges / late payment charges for any delay or default in making payments of any dues. These penal charges / late payment charges for different products or facilities would be decided by the Company from time to time.

No claims for refund or waiver of such charges/ penal charges/ additional charges would normally be entertained by the Company and it is the sole discretion of the Company to deal with such requests if any.

Interest rate and other charges framework:

Description	Charges
Interest Rate	Depends on the risk profile of the borrower and the credit score. 14% to 36% depending on the Product
Cheque/Mandate bounce charges	Up to a maximum of Rs. 500/- per instance.
Late payment fee	Up to a maximum of Rs. 500/- per instance.
Prepayment charges	Nil
Loan recovery by way of security enforcement	Up to a maximum of 4%
Documentation charges	To meet the cost of getting the documents executed. Rs. 0 to 5000 plus GST depending on the Product
Stamping charges	Subject to state laws
Processing Fees	Towards cost of Document verification & underwriting charges. 0 to 5% Depends on product

Review of Policy

The Policy shall be reviewed once in a year or in between if required due to changes required in the model, for example any addition/deletion of a particular component forming part of benchmark calculation. The Board as the case may be, shall also be empowered to bring about necessary prospective changes to this policy, if so, required at any stage at its own discretion or concurrence.

Disclosure

i. Contractual disclosure to customer
ii. This Policy will be made available on the website of the Company in accordance with the Company's Fair Practices Code and the guidelines of RBI.

(This policy was approved by the Board of Directors on 17/11/2025)