



# CAPITALINDIA

Rediscover Business

## INTEREST RATE POLICY

Version	4.0
Owned By	CFO, Head Risk and Policy and Chief of Service Delivery
Approved By	Board of Directors
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## 1. Preface

The Reserve Bank of India (RBI) had vide Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025 read with Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025, as amended from time to time has directed all Non-Banking Finance Companies (NBFC's) to lay out appropriate internal principles and procedures in determining interest rates, processing and other charges. This policy may also be guided by the Fair Practice Code approved by Board of Directors.

In compliance with the requirements of the RBI Regulations mentioned above, the Capital India Finance Limited (“**Company**”/ “**Capital India**”) has adopted this Interest Rate Policy broadly outlining the Interest Rate Mechanism and the Company’s approach of risk gradation in this regard for its lending business.

## 2. Scope and Objectives

In compliance with the requirements of the RBI Regulations mentioned above and the Fair Practices Code, we at Capital India Finance Limited have adopted this Interest Rate Policy broadly outlining the Interest Rate Mechanism and the Company’s approach of risk gradation in this regard for its lending business.

## 3. Applicability

This policy would be applicable to all credit facilities offered by the Company. It will act as a guiding principle to compute the interest rate to lend to its borrowers and levy various charges and other levies, as applicable, on loan accounts. The interest rate / levies would vary for different classes of borrowers based on various factors mentioned below.

## 4. Policy review and Approval Process

The Policy would be reviewed and updated by Asset-Liability Committee (ALCO and the board) at such periodic intervals as maybe specified. Any change in interest rate (as applicable in floating/hybrid-rate loans) shall be based on CIRR approved by the ALCO and the board. Any changes made in the policy shall be approved by ALCO and shall recommend all changes to the Board of Directors for their consideration and approval. This shall become applicable for all floating/hybrid rate loans from the effective date as specified in the committee resolution and the same shall be communicated in writing to borrower. Any revision in interest or other charges would be with prospective effect.

## 5. Interest Rate Mechanism

CIFL may offer credit facilities on:

- Fixed rate basis
- Floating rate basis
- Hybrid structures (Fixed + Floating / Semi-fixed)

Floating and hybrid rate loans shall be benchmarked to CIRR or other transparent, market-linked benchmarks (including reference rates of lenders/bankers), as agreed with the borrower.

## 6. Capital India Reference Rate (CIRR)

The ALCO would consider following factors while deriving the CIRR applicable in floating rate loans:

- Cost of Debt Capital
- Operating Expenses
- Regulatory Provisioning / Credit Cost
- Expected margin / Return on Net-worth
- Liquidity Premium (if any)

## 7. Spread

As a part of risk gradation, spread will be assessed on case specific basis considering evaluation of various factors detailed below, but not limited to:

- Borrower and Borrower Group credentials which include background, nature of Business / service, business vintage, financial profile including net-worth, liquidity, profitability, debt repayment capability, tenor of relationship with the borrower, future potential, etc.;
- Track record of honouring commitments relating to interest/principal servicing and security/margin top ups;
- External credit rating – wherever applicable / available;
- Credit scores (like CIBIL etc) – wherever applicable / available
- End use of funds;
- Security cover including value and liquidity;
- Tenor and loan repayment terms, like monthly, quarterly repayment, moratorium period, step up / down repayment, zero coupon structured loans etc.
- Any other criteria specific to the transaction.

## 8. Other Charges

Other financial charges like processing charges, cheque bouncing charges, prepayment/ 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, documents retrieval charges, SOA charges etc. would be levied by the company wherever considered necessary. In addition, the Goods and Services Tax and other taxes, levies or cess would be collected at applicable rates from time to time.

Besides normal Interest, the Company may levy, Penal Charges for any delay or default in making payments of any dues. The details of Penal charges for late repayment and other events of default will be mentioned in the loan agreement / Most Important Terms & Conditions (MITC)/Key Fact Statements (KFS), Application Form as applicable and communicated in the sanction letter / term sheet as well.

Changes to above charges and levies will be governed by change in MITC/KFS and terms of loan agreement (as applicable) from time to time.

Claims for refund or waiver of penal charges / other charges / / would be the sole and absolute discretion of the Company to deal with such requests, if any.

## 9. Disclosures

The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers may be disclosed to the borrower or customer.

The Capital India Reference Rate (CIRR) shall also be made available on the web-site of the Company. The information published on the website or otherwise published should be updated whenever there is a change in the rates of interest.