

HI KLOSS TRADING AND INVESTMENT LIMITED

INTEREST RATE POLICY

(Adopted by the Board of Directors of the Company at their meeting held on 13th February 2026)

INTRODUCTION

Hi-klass Trading and Investment Limited (the "Company"), in compliance with the Reserve Bank of India and other applicable circulars and guidelines issued by the Reserve Bank of India (RBI), has adopted an Interest Rate Model. This model takes into account various relevant factors such as the cost of funds, operating costs, margin, credit risk, tenor of the loan, and risk premium, among others, to determine the rate of interest to be charged on loans and advances.

Further, as mandated under the aforesaid RBI Directions, the Company ensures that the rate of interest, the rationale for charging different rates to different categories of borrowers, and the approach for risk gradation are:

- Disclosed clearly in the loan application form; and
- Explicitly communicated to the borrower/customer in the sanction letter.

In accordance with the above, **Hi-klass Trading and Investment Limited** has formulated this **Interest Rate Policy** ("Policy") to ensure transparency, fairness, and consistency in the determination and communication of interest rates.

This Policy is also framed in line with:

- The Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2025; and
- The Reserve Bank of India's regulatory framework titled "**“Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs”**", issued on 28 November 2025 .

OBJECTIVE OF THE POLICY

The objective of this Policy is to standardize the methodology used to charge interest rate for different category of customer segments and to decide on the principles and approach of charging spreads to arrive at the final rates charged from the customers for its lending business;

The Board / Management Committee shall approve the prudential limits on individual Gaps for the prescribed maturity buckets for managing liquidity and interest rate risks.

SOME OF THE CUSTOMER CHARACTERISTICS ARE:

- 1. Income Criteria** – The middle market customers typically have lower income in comparison to the prime customers targeted by commercial banks. HDB's product suite includes unsecured loans, secured loans and loans for purchase of income generating assets such as commercial vehicle and construction equipment. Inconsistent and variable cash flow is a major characteristic of middle market customers.
- 2. Credit History** - This segment may have little or no previous credit history with organised lenders. This requires detailed credit appraisal for relatively small value loans. It will be appropriate to state that this segment will have higher credit risk and hence, higher credit losses as compared to prime customers targeted by Banks.
- 3. Technology** – HDB extends loan through digital mode including web applications and mobile app to enhance accessibility and cater to diverse customer preference. Considering the segment, we address, we designed our digital solutions with better UI / UX

METHODOLOGY

The average yields and the Rate of Interest under each product shall be decided from time to time, giving due consideration to the following factors:

- (a) 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.
- (b) rating cost in our business and maintaining the stakeholder's expectations for a reasonable, market-competitive rate of return
- (c) Inherent credit and default risk in our business, particularly trends with sub-groups / customer segments of the loan portfolio
- (d) Nature of lending, for example unsecured/secured, and the associated tenure
- (e) Nature and value of securities and collateral offered by customers
- (f) Subventions and subsidies available, if any
- (g) Risk profile of customer i.e. professional qualification, stability in earnings and employment, financial positions, past repayment track record with us or other lenders, external ratings of customers, credit reports, customer relationship, future business potential etc.
- (h) Industry trends i.e. offerings by competition

INTEREST RATE MODEL

The Company lends money to its customers through Fixed and Floating rate loans. The Broad Categories of customer segments that the company services are mentioned below:

- i. Corporate Borrowers (<What type of loan given to them>)
- ii. Consumer Borrowers (Consumption Loans, Personal Loans, Loans against securities)
- iii. Individual Borrowers (including Term loans and Loan against shares offered to High Net worth individual)

The Interest rates offered to customers for above mentioned loans is based on the following factors:

- 1. Cost of Fund** – The Rate of Interest charged is also affected by the rate at which the funds necessary to provide loan facilities to customers are sourced normally referred to as internal cost of funds. From an external cost of funds perspective, the benchmark interest rate that may be used by the company could be either the Base Rate of India or the 10-year Government of India bond as adjusted for the rating spreads available in the markets.
- 2. Operating/Overheads cost** – It includes employee expenses, fixed and variable cost, operations cost, sales and marketing expenses, etc.
- 3. Risk Premium** – Base risk premium to cover potential credit loss risk, and may vary by business, customer segment, geography, sourcing channel etc. Prices may vary depending upon internal assessment of likelihood of delinquency or potential loss from customer segments.

The applicable interest rate shall also be commensurate from the perspective of the fixed versus floating interest rate requirements of the customers and shall have to be decided in view of the benchmarks deliberated above.

The interest rate to be charged from the borrowers, shall be in the range as mentioned in the **Annexure-1**.

Reset of floating interest rate on Equated Monthly Instalments (EMI) based personal loans

Hi Klass Trading and Investment Limited (the ‘Company’), in compliance with – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2025 Vide circular RBI/DOR/2025-26/344 DOR.GOV.REC.No.263/18-10-013/2025-26 dated November 28,2025 At the time of sanction of EMI based floating rate personal loans, Company are required to take into account the repayment capacity of borrowers to ensure that adequate headroom/margin is available for elongation of tenor and/or increase in EMI, in the scenario of possible increase in the external benchmark rate during the tenor of the loan. However, in respect of EMI based floating rate personal loans, in the wake of rising interest rates, several consumer grievances related to elongation of loan tenor and/or increase in EMI amount, without proper communication with and/or consent of the borrowers have been received. In order to address these concerns, Company are

advised to put in place an appropriate policy framework meeting the following requirements for implementation and compliance:

- (i) At the time of sanction, Company shall clearly communicate to the borrowers about the possible impact of change in benchmark interest rate on the loan leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels.
- (ii) (ii) At the time of reset of interest rates, Company shall provide the option to the borrowers to switch over to a fixed rate as per their Board approved policy. The policy, *inter alia*, may also specify the number of times a borrower will be allowed to switch during the tenor of the loan.
- (iii) The borrowers shall also be given the choice to opt for (a) enhancement in EMI or elongation of tenor or for a combination of both options; and, (b) to prepay, either in part or in full, at any point during the tenor of the loan. Levy of foreclosure charges/ pre payment penalty shall be subject to extant instructions.
- (iv) All applicable charges for switching of loans from floating to fixed rate and any other service charges/ administrative costs incidental to the exercise of the above options shall be transparently disclosed in the sanction letter and also at the time of revision of such charges/ costs by the NBFCs from time to time.
- (v) Company shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortization.
- (vi) Company shall share/ make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest/Annual Percentage Rate (APR) for the entire tenor of the loan. NBFCs shall ensure that the statements are simple and easily understood by the borrower. Apart from the equated monthly instalment loans, these instructions would also apply, *mutatis mutandis*, to all equated instalment-based loans of different periodicities. All existing borrowers shall be sent a communication, through appropriate channels, intimating the options available to them.

Regulation of excessive interest charged by Company

The Board of each NBFC 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 gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

The rates of interest and the approach for gradation of risks shall also be made available on the website of the companies or published in the relevant newspapers. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest. The rate of interest must be annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

Complaints about excessive interest charged by company

The Reserve Bank has been receiving several complaints regarding levying of excessive interest and charges on certain loans and advances by Company. Though interest rates are not regulated by the Reserve Bank, rates of interest beyond a certain level may be seen to be excessive and can neither be sustainable nor be conforming to normal financial practice.

Boards of NBFCs shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. In this regard, the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view.

The product-wise interest type allocation is tabulated below:

Sl. No	Products Interest type	Interest type
1	Loan Against Security	Floating / Fixed
2	Loan Against Property	Floating / Fixed / Combo
8	Enterprise Business Loan	Floating / Fixed / Combo*
9	Personal Loan	Floating / Fixed / Combo*

GRADATION OF RISK

The Rate of Interest for loans for various business segments and various schemes thereunder is arrived after adjusting for spread by the relevant business segment. The risk premium attached with a customer shall be assessed inter-alia based on the following factors:

- a) Interest rate risk (fixed vs floating loan);
- b) Credit and default risk in the/ related business segment;
- c) Historical performance of similar homogeneous clients;
- d) Profile, financial standing, and market reputation of the borrower;

- e) Industry segment;
- f) Nature and value of collateral security Secured Vs unsecured loan;
- g) Subvention available;
- h) Ticket size of loan;
- i) Credit Bureau Score and credit history of the borrower;
- j) Tenure of Loan;
- k) Location delinquency and collection performance;
- l) Customer Indebtedness (other existing loans);
- m) Overall indebtedness of the borrower, including existing credit exposures;
- m) Regulatory stipulations, if applicable, and
- n) any other factors that may be relevant in a particular case and as deemed fit by the Board of Directors of the Company (“Board”).

The rate of interest for the same product and tenor availed during the same period by different customers need not be the standardized one. It could vary for different customers depending upon consideration of all or any combination of above factors.

B. Additional Factors affecting Pricing for each Product as listed below in the table

Unsecured Business Loans	Location of the Borrower (City Tier), Audited Financials / GST Status
Salaried Personal Loans	Job / Employer Classification, Salary Band
Sales Finance (CD, DPL, LSL)	Asset OEM Partnership
LAP / LARR / EBL	Applicant Profile, Collateral Type, Collateral Location

INTEREST RATES

- a) The rate of interest applicable to loans shall range between 8.5% and 36% per annum and shall be determined in accordance with the Company’s Board-approved Interest Rate Policy
- b) The determination of interest rates shall be risk-based and non-discriminatory, taking into account factors including, but not limited to, credit risk profile, cost of funds, operating expenses, tenure of the loan, borrower category, and prevailing market conditions.
- c) The interest may be collected at the option of the company on Monthly/quarterly payment basis which shall be specified in the terms and conditions of the agreement
- d) In case of fluctuating amount loan, interest is calculated on the amount utilized on monthly compounding / Simple Interest Basis
- e) Any variation in the rate of interest shall be notified to the customer from time to time and shall be effective from such date as may be intimated by the company.

PENAL INTEREST/ADD ON INTEREST

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

For Corporate Borrowers and Consumer Borrowers, 6% (p.a.) on overdue amount or a lower amount as may be mutually agreed with the borrower as per the loan agreement.

The Company shall clearly and explicitly disclose the quantum and rationale of penal charges to borrowers upfront in the loan agreement and in the Most Important Terms & Conditions (MITC) / Key Fact Statement (KFS), as applicable. Such penal charges shall also be disclosed on the Company's website under the section "Interest Rates and Service Charges." A mere reference in the sanction letter or loan agreement to a schedule of penal charges available on the Company's website shall not be treated as adequate disclosure.

PROCEDURAL ASPECTS

A. The Company shall communicate to the customer:

- The amount of loan sanctioned along with the terms and conditions including annualized rate of interest,
- Details of the default interest / penal interest rates and the charges payable by the customers in relation to their loan account and method of application thereof and (penal interest charged for late repayment of loan would be mentioned in bold in the loan agreement),
- Terms and conditions and other caveats governing the credit given by the company arrived at after negotiation,
- In case of any change in any of the terms and conditions / caveats / any information which is relevant from the point of view of the transaction (including annualized rate of interest), the same shall be conveyed to the customer as an addendum / additional annexure to the agreement/term sheet. However, all the relevant formalities (e.g., further legal documentation, approval of customer, certification of DMI officials etc.) relating to such change shall be documented and a copy of the same shall also be sent to the customer. The same may be communicated through electronic media or any other form of communication by the employees of the company and shall be duly approved by the customer and certified by the authorized official of the company. The acknowledgement of the receipt of the said additional document shall also be preserved on the records by the company officials in a chronological manner for future reference.
- The Company shall also ensure that changes in interest rates and charges are affected only prospectively.

MONITORING & REVIEW OF THE POLICY

The Policy shall be amended and modified with approval of the Board. The Board of Directors of the Company shall monitor and review the Policy on an Annual basis. Any Amendments in RBI guidelines or any change in the position of the Company, necessary changes in this Policy shall be incorporated and approved by the Board. The Policy is reviewed and recommended by the Audit Committee at its meeting held on 13th February 2026, approved by Board of Directors at its meeting held on 13.02.2026

Annexure – 1 (To be modified on the basis of the Company)

(1) CORPORATE BORROWERS:

Category of Borrower	Tenure of Loan	Rate of Interest
<i>Corporate Borrower</i>		
<i>Real Estate</i>		
Term Loan		
Non-Convertible Debentures (NCDs)		
<i>Non-Real Estate</i>		
Term Loan		
Non-Convertible Debentures (NCDs)		
Loan Against Shares		
Optionally Convertible Debentures (OCDs)		
Compulsory Convertible Debentures (CCDs)		

(2) CONSUMER BORROWERS:

Category of Borrower	Tenure of Loan	Rate of Interest
<i>Consumption Loan</i>		
<i>Electric vehicles</i>		
<i>Personal Loan</i>		
<i>MSME</i>		
<i>Loan Against Securities</i>		