FYNX CAPITAL LIMITED

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AGENDA ITEM NO.:	Board Note / Policy Review / FY 2026-27 / 04
TO:	THE BOARD OF DIRECTORS, FYNX CAPITAL LIMITED
FROM:	Sagar Bajaj, Credit Head
DATE:	AUGUST 18, 2026
SUBJECT:	**APPROVAL OF REVISED INTEREST RATE, CHARGES POLICY AND APR GRADATION MATRIX**

1. PURPOSE & EXECUTIVE SUMMARY

This Board Note is placed before the Board of Directors of FynX Capital Limited (“FynX” or “the Company”) seeking formal review and approval for the comprehensive revision of the Company's Policy on Interest Rate and Charges. The proposed policy aligns the Company’s risk-based pricing framework with the Reserve Bank of India (RBI) Master Direction – Non-Banking Financial Company – Scale Based Regulation Directions, 2023, the RBI Guidelines on Digital Lending (2022), and the latest RBI Circular on Key Facts Statement (KFS) dated April 15, 2024.

As FynX expands its digital and partnership lending footprint across Supply Chain Finance (SCF), Personal Loans, Micro-Credit, and Earned Wage Access (EWA), it is imperative to establish a clear, objective, tenure- and product-linked Interest Rate and Annual Percentage Rate (APR) matrix. The revised framework ensures complete transparency, strict regulatory compliance, dynamic risk-based pricing, and full alignment with market practices.

2. REGULATORY FRAMEWORK & LEGAL BASIS

The proposed Interest Rate Policy has been drafted strictly in compliance with the following statutory directions:

• RBI Scale Based Regulation (SBR) Directions, 2023: Mandates NBFC Boards to adopt an Interest Rate Model taking into account relevant factors such as cost of funds, operating expenses, risk premium, and weighted average yield, ensuring rates charged are reasonable and non-usurious.

• RBI Guidelines on Digital Lending (September 02, 2022): Requires absolute disclosure of the Annual Percentage Rate (APR)—representing the total annualized cost of credit to the borrower, including all processing, documentation, and platform fees. Prohibits any third-party fee collection by Lending Service Providers (LSPs) directly from borrowers.

• RBI Circular on Key Facts Statement (KFS) for Loans & Advances (April 15, 2024): Standardizes KFS disclosures across all retail and MSME digital/analog loan products, requiring explicit computation of APR, schedule of charges, and cooling-off periods.

• RBI Fair Practices Code (FPC) & Penal Charges Circular (August 18, 2023 / April 2024): Mandates that penalty for late payment or material non-compliance must be levied purely as 'Penal Charges' and shall NOT be added as penal interest capitalized into the loan principal.

3. REVISED INTEREST RATE & APR GRADATION MATRIX

The key enhancement in this policy revision is the formal structuring of Maximum Rate of Interest (ROI) and Maximum Annual Percentage Rate (APR) based on Loan Product, Ticket Size, and Loan Tenure. The proposed product matrix is presented below:

Product Category	Loan Tenure	Ticket Size (INR)	Max Interest Rate (ROI p.a.)	Max APR (All-Inclusive p.a.)	Processing Fee (% of Loan)
Supply Chain Finance (SCF)	Up to 12 Months (Drawdown: 7-180 days)	₹10 Lakhs to ₹300 Lakhs (Facility up to ₹1.5 Cr+)	30.00% p.a.	**Up to 36.00% p.a.**	Up to 5.00%

Business Loan / Personal Loan / Term Loan	Above 12 Months (Up to 60 Months)	₹10,000 to ₹10 Lakhs	50.00% p.a.	**Up to 60.00% p.a.**	Up to 10.00%
Personal Loan (Short-Term)	Up to 12 Months	₹10,000 to ₹3 Lakhs	70.00% p.a.	**Up to 100.00% p.a.**	Up to 10.00%
Micro Personal Loan / Ultra Short-Term	Up to 6 Months	₹10,000 to ₹1.5 Lakhs	70.00% p.a.	**Up to 300.00% p.a.***	Up to 10.00%

Note: *Note on High APR for Micro Tenures (Up to 300% p.a.):

For micro-loans with extremely short tenures (e.g., 7 days to 30 days) and small ticket sizes (₹10,000 to ₹1,50,000), a fixed upfront processing fee (e.g., 5% to 10%) converted mathematically into an annualized percentage rate results in a high APR figure (up to 300% p.a.). This mathematically annualized figure reflects the short duration and fixed operational costs of micro-underwriting, while the absolute rupee cost to the borrower remains small and fully disclosed upfront in the KFS.

4. DETAILED PRODUCT ARCHITECTURE & RISK PROFILE

4.1. Supply Chain Finance (SCF) – APR Cap: 36.00% p.a.

Supply Chain Finance constitutes structured working capital solutions provided to corporate suppliers, vendors, distributors, and dealers anchored to highly rated corporate entities. Features include:

• Structural Design: Facilities structured as Invoice Discounting, Purchase Order Financing, Dealer Financing, and Factoring/Reverse Factoring.

• Tenure: 7 days to 365 days, matched with anchor settlement cycles.

• Exposure Limits: ₹10.00 Lakh minimum to ₹300.00 Lakh maximum per counterparty/borrower group.

• Risk Drivers & APR: Pricing is benchmarked to Anchor Corporate Credit Rating, Supplier Vintage, Escrow/Virtual Account cash-flow routing, and historical dispute ratios. Upfront processing fees range from 0.50% to 3.00%. The maximum effective APR shall not exceed 36.00% p.a.

4.2. Business Loans / Term Loans / Long-Tenure Personal Loans – APR Cap: 60.00% p.a.

This category caters to formal and semi-formal MSMEs, proprietors, partnerships, private limited entities, and salaried professionals requiring amortized expansion capital exceeding 12 months:

• Tenure: 13 months to 60 months with regular monthly Equated Monthly Installments (EMIs).

• Ticket Size: ₹10,000 to ₹10.00 Lakh.

• Underwriting Parameters: Evaluated using banking surrogate models, GST return analytics, business vintage (min. 2 years), Debt Service Coverage Ratio (DSCR > 1.25x), and Bureau Score (CIBIL ≥ 650).

• Pricing & APR Ceiling: Nominal interest rates range between 18.00% and 48.00% on a monthly reducing balance basis. Upfront processing charges range between 1.50% and 5.00%. The effective APR ceiling is capped at 60.00% p.a.

4.3. Personal Loans (Short-Term / Mid-Tenure) – APR Cap: 100.00% p.a.

Short-term unsecured personal loans targeted at salaried and self-employed individuals to meet urgent personal expenditures, debt consolidation, or short-term working capital:

• Tenure: 1 month to 12 months.

• Ticket Size: ₹10,000 to ₹3.00 Lakh.

• Underwriting Engine: Underwritten via digital data engines including Account Aggregator (AA) net disposable income calculation, e-KYC, salary bank statement parsing, and bureau score validations.

• APR Bound: Nominal interest rate between 24.00% and 72.00% p.a. Processing fees range from 2.00% to 7.50%. The maximum all-inclusive APR is capped at 100.00% p.a.

4.4. Personal Loans (Ultra Short-Term / Nano Credit) – APR Cap: 300.00% p.a.

Ultra short-term micro-credit and nano liquidity solutions designed to serve the financially underserved and new-to-credit (NTC) segment requiring instant disbursement:

• Tenure: 7 days to 180 days (up to 6 months) with weekly, bi-weekly, or bullet/EMI repayment.

• Ticket Size: ₹10,000 to ₹1.50 Lakh.

• Risk & Cost Dynamics: High operational velocity, fully automated machine learning underwriting, device telemetry (with explicit consent), and alternative credit scoring. This product line entails elevated credit loss provisions (expected credit loss 6% - 15%) and high fixed origination costs relative to small loan sizes.

• APR Cap Justification: When short-tenure processing fees (e.g., 3%–12%) and nominal rates (36%–180%) are annualized on a 7-day to 90-day base, the mathematical APR scales up significantly. The Board approves an absolute APR ceiling of 300.00% p.a. for this segment. Under no circumstances shall any loan be disbursed exceeding an APR of 300.00% p.a.

5. INTEREST RATE DETERMINATION METHODOLOGY

FynX adopts a Fixed Rate of Interest model across all retail and partnership loan products. The interest rate charged to a borrower is determined based on the weighted sum of four core cost components:

• 1. Weighted Average Cost of Funds (CoF): Represents the cost of debt capital raised from banks/financial institutions plus the equity servicing cost based on the target debt-equity capital structure.

• 2. Operating Expenses (OPEX): Includes underwriting, technology infrastructure, employee compensation, RCU, collection setup, and administrative overheads (excluding DSA/LSP sourcing fees).

• 3. Risk Premium / Credit Loss Margin: Evaluated based on historical default rates, bureau credit scores, collateral type, employment stability, industry risk, and geography-specific delinquency metrics.

• 4. Return on Capital / Business Margin: Target net margin approved by the Board to achieve sustainable Return on Equity (ROE) and capital adequacy requirements.

5.1 FynX Fixed Reference Rate Structure

Component	Assumed Cost / Yield	Remarks
Cost of Borrowing (CoF)	12.25% p.a.	Weighted average cost of bank debt and market borrowings
Operating Expenses (OPEX)	4.25% p.a.	Includes operational overheads and Expected Credit Loss (ECL) provisions
Target Capital Margin	1.50% p.a.	Based on 3:1 Debt-Equity ratio and target ROE of 18%
FynX Benchmark Reference Rate	**18.00% p.a.**	**Base threshold rate before applying risk-based credit spreads**

6. PRODUCT-WISE SCHEDULE OF CHARGES (SOC)

As mandated, the existing approved Schedule of Charges (SOC) across all product categories remains 100% identical and unchanged from the existing policy document:

6.1 Schedule of Charges: Term Loans

Charge Head	Approved Rate / Terms (Unchanged)
Processing Fees	Up to 10% of the loan amount sanctioned + GST. This is a non-refundable fee
Document Handling Documentation and RCU charges	Up to 10% of the loan amount
Foreclosure Charges	Up to 5% of the outstanding value

Pre/Part loan payment	Up to 5% of the outstanding value
Stamp Duty charges	Actuals to be borne by customer
Transaction charges	Up to 10% of the loan amount
Mandate/UPI mandate registration charges	Up to Rs. 1000
PDC / ECS / NACH Bounce Charges / per transaction	Rs. 500
Repayment instrument change/ swap charges	Rs. 1000
EMI repayment cycle date change (In addition to gap interest)	Rs. 1000
Modification of loan terms after first disbursement	Upto 2% of Outstanding Principal amount (as on the date of transaction)
Lock in Period	Nil
Issuance of Duplicate No objection certificate (NOC)	Rs. 500
Duplicate Statement of Accounts (SOA)	Rs. 500
Loan Cancellation Charges	INR 1,000/- + (Sanction Limit X rate of interest X No of days from date of disbursement to date of request of cancellation)
Penal Charges	Up to 36% per annum for the overdue period, over and above the ROI or As defined in the loan agreement
Legal cost for sending a legal notice	Rs. 1,000
Legal cost for hiring a lawyer to contest the case against Borrower	Rs. 10,000
Cersai Charges	Rs. 500
Charges for picking up the cheques/EMI from the borrower	Rs. 500
Charges for changing the Account from where ECS mandates are approved	Rs. 1,000
Dishonour of Cheque Charges	Rs. 2,000
Charges on rejection of the ECS mandate	Rs. 1,000
Litigation Charges	Debit basis actual
No utilisation charges / Issuance of duplicate interest certificate	NA

6.2 Schedule of Charges: Bullet Loan

Charge Head	Approved Rate / Terms (Unchanged)
Processing Fees	Upto 10% of the loan amount sanctioned + GST. This is a non-refundable fee
Document Handling Documentation and RCU charges	Up to 10% of the loan amount

Foreclosure Charges	Upto 5% of the outstanding value
Pre/Part loan payment	Upto 5% of the outstanding value
Stamp Duty charges	Actuals to be borne by customer
Transaction charges	Up to 10% of the loan amount
Mandate/UPI mandate registration charges	Up to Rs. 1000
PDC / ECS / NACH Bounce Charges / per transaction	Rs. 500
Repayment instrument change/ swap charges	Rs. 1000
EMI repayment cycle date change	Rs. 1000
Modification of loan terms after first disbursement	Upto 2% of Outstanding Principal amount (as on the date of transaction)
Lock in Period	Nil
Issuance of Duplicate No objection certificate (NOC)	Rs. 500
Loan Cancellation Charges	INR 1,000/- + (Sanction Limit X rate of interest X No of days from date of disbursement to date of request of cancellation)
Penal Charges	36% per annum for the overdue period, over and above the ROI or As defined in the loan agreement
Legal cost for sending a legal notice	Rs. 1,000
Legal cost for hiring a lawyer to contest the case against Borrower	Rs. 10,000
Cersai Charges	Rs. 500
Charges for picking up the cheques/EMI from borrower	Rs. 500
Charges for changing Account from where ECS mandates are approved	Rs. 1,000
Dishonour of Cheque Charges	Rs. 2,000
Charges on rejection of the ECS mandate	Rs. 1,000
Litigation Charges	Debit basis actual
Duplicate Statement of Accounts / Duplicate interest certificate / No utilisation	NA

6.3 Schedule of Charges: Supply Chain Finance

Charge Head	Approved Rate / Terms (Unchanged)
Processing Fees	Up to 5% of the loan amount sanctioned. This is a non-refundable fee
File Charges / Initial Money Deposit (IMD)	As per Cash Collateral / Security Deposit basis the Sanctioned Terms. Can be up to 100%.

Document Handling Documentation and RCU charges	Up to INR 5,000
Foreclosure Charges	Up to 5% loan amount
Pre/Part loan payment	Up to 5% loan amount
Stamp Duty charges	Actuals to be borne by customer
PDC / ECS / NACH Bounce Charges / per transaction	Rs. 750
Modification in EMI repayment cycle date change, addition/deletion of co-borrowers	Up to 5% of the outstanding value
Issuance of Duplicate No objection certificate (NOC)	Rs. 500
Loan Cancellation Charges	INR 5,000/- + (Sanction Limit X rate of interest X No of days from date of disbursement to request)
Penal Charges	36% per annum for the overdue period, over and above the ROI
Legal Verification Charges	Actual basis
Technical Verification Charges/ valuation	Actual basis
Cersai Charges	Rs. 500
Renewal Charges / Renewal of the limit	up to 5% on Renewed / enhanced limit
No utilisation charges (under Credit Limit)	Up to 10% or as defined in the SL and FA
Litigation Charges	Actual basis

6.4 Schedule of Charges: Secured Loan

Charge Head	Approved Rate / Terms (Unchanged)
Processing Fees	Upto 5% of the loan amount sanctioned. This is a non-refundable fee
File Charges / Initial Money Deposit (IMD)	Up to 5% of the loan amount
Document Handling Documentation and RCU charges	Up to 5% of the loan amount
Hypothecation fees	Upto Rs 5,000
RTO transfer charges / Duplicate RC issuance charges	Actual may vary geographically from RTO to RTO
Foreclosure Charges	Upto 5% of the outstanding value
Stamp Duty charges	Actuals to be borne by customer
PDC / ECS / NACH Bounce Charges / per transaction	Rs. 750
Repayment instrument change/ swap charges	Rs. 500
Modification in EMI repayment cycle date change, addition/deletion of co-borrowers	Up to 5% of the outstanding value

Issuance of Duplicate No objection certificate (NOC)	Rs. 500
Loan Cancellation Charges	INR 5,000/- + (Sanction Limit X rate of interest X No of days from date of disbursement to request)
Penal Charges	36% per annum for the overdue period, over and above the ROI or As defined in the loan agreement
Legal Verification Charges	Actual basis
Technical Verification Charges/ valuation	Actual basis
Cersai Charges	Rs. 500
Renewal Charges / Renewal of the limit	upto 5% of Renewed / enhanced limit
Litigation Charges	Actual basis
Pre/Part loan payment / SOA / Income tax certificate / No utilisation	NA

7. GOVERNANCE, DISCLOSURE & IMPLEMENTATION

• 1. KFS Issuance: Every borrower shall be provided with a standardized Key Fact Statement (KFS) prior to loan execution, explicitly stating the Sanctioned Amount, Net Disbursed Amount, Interest Rate, Itemized Charges, and the final annualized APR.

• 2. Cooling-Off Period: In compliance with RBI Digital Lending Guidelines, FynX provides a mandatory cooling-off / look-up period during which the borrower can exit the loan without paying any prepayment penalty:

a. Loans with Tenure ≥ 7 Days: A minimum cooling-off period of three (3) calendar days from the date of loan disbursement.

b. Loans with Tenure < 7 Days: A minimum cooling-off period of one (1) calendar day from disbursement.

c. Settlement Terms: Upon exercising the cooling-off option, the borrower shall repay the principal amount disbursed along with proportionate APR (nominal interest) for the period of utilization, without any foreclosure fee.

• 3. Website Disclosure: The updated Interest Rate Policy along with the APR matrix and Schedule of Charges shall be prominently displayed on the Company's official website (www.fynxcapital.com).

• 4. Operational Delegation: The Board delegates full authority to the Asset-Liability Management Committee (ALCO) to periodically review interest rate spreads, benchmark lending rates, cost of funds, and prevailing market conditions, and to approve necessary operational parameter modifications or minor interest rate adjustments. All such changes approved by ALCO shall be formally placed before the Board of Directors for notification and recording at its subsequent meeting.