

## **Interest Rate Model**

Aryadhan Financial Solutions Pvt Ltd (hereafter referred to as the “Company”) is a Non- Banking Financing Company (“NBFC”) registered with the Reserve Bank of India (“RBI”). The Company was incorporated with an aim to provide commodity finance loans, mainly to the unbanked segments of Agri ecosystem.

### **1. Regulatory Framework-**

The Reserve Bank of India’s (“RBI”) **Master Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023** (as amended from time to time) directs the Boards of all Non-Banking Finance Companies (NBFCs) to approve an Interest rate model for the NBFC and also to make available the rates of interest and approach for gradation of risk on the website of the NBFC’s.

Based on the above-mentioned directives of the RBI, this Interest Rate Policy (“**Policy**”) of Aryadhan Financial Solutions Private Limited (hereinafter referred to as “**Company**”), has been developed for the determination of interest rates.

### **2. Objectives-**

The main objectives of this Policy are to:

- i. Ensure that interest rates are determined in such manner so as to ensure long term sustainability of business by taking into account the interests of all customers of the Company;
- ii. Develop and adopt a suitable model for calculation of the rate of interest;
- iii. Enable fixation of interest rates which are reasonable to all customers;
- iv. Ensure that computation of interest is accurate, fair and transparent in line with the statutory requirements and industry practices;
- v. Charge differential rates of interest linked to the risk factors as applicable; and
- vi. Facilitate transition to income recognition norms that may be stipulated by RBI in future and adoption of best practices.

### **3. Interest Rate Model-**

**3.1.** The interest rate charged by the Company to the customer shall be based on the following broad parameters:

1. Risk profile of the borrower;

2. Tenor of the Loan;
3. Cost of borrowing funds – Internal as well as external;
4. Credit and default risk in the related business segment;
5. Historical performance of similar kind of customers;
6. Prevailing Base Rate of major commercial banks;
7. Internal Cost of doing business;
8. Interest rate offered by other NBFCs in the industry; and
9. Other factors that may be relevant in each case.

**3.2.** The rate of interest for the same loan product and same tenor availed during the same period by different customers may vary for each customer based on consideration of any or a combination of above-mentioned criteria.

**3.3.** The interest rates offered can be on fixed or variable basis.

**3.4. A.** The interest/ discounting rate generally ranges between Ten to Eighteen percent per annum on reducing balance (For all Aryadhan Products except Bill Discounting Secured by Property).

**B.** The discounting rate in Bill Discounting Secured by Property product generally ranges between Fifteen to Twenty percent per annum on reducing balance.

\*Any deviation in the Interest/ discounting rate can be approved as per the approval matrix defined in the respective Credit Policy.

**3.5.** The Company shall charge such rates of interest either on a monthly or a quarterly or annual or at the time of principal repayment depending on the product/segment.

**3.6.** The rate of interest shall be intimated to the customers at the time of sanction/availing of the loan.

**3.7.** The interest shall be deemed payable immediately on the due date as decided by Aryadhan Financial Solutions Ltd. Grace period if any for payment will be at the discretion of Aryadhan Financial Solutions Pvt Ltd depending on the product.

**3.8.** Besides normal interest, the Company may levy Penal charges for delay or default in making payments of any dues. Such additional or penal charges for different products or facilities shall be determined by Aryadhan Financial Solutions Ltd and the customers shall be provided with a prior intimation regarding the same.

**3.9.** Any change in the rate of interest and the related charges would be prospective in effect and intimation of change of interest or other related charges would be given to customers in a mode and manner as may be deemed fit by the Company.

**3.10.** Besides interest, the Company may levy other financial charges on the customers such as processing fees, documentation fees, late payment charges, or for any other service provided by the Company or cost incurred by the Company for the provision of services related to the loan granted to the customers.

\*Any deviation in the other charges can be approved as per the approval matrix defined in the respective Credit Policy.

**3.11.** All such fees and charges shall be clearly communicated to the customer either by way of printing on the sanction letter or by publishing on the website of the Company.

**3.12.** While deciding the charges, the practices followed by the competitors in the market would also be taken into consideration

**3.13.** Claims for refund or waiver of charges/ penal charges/ additional interest would normally not be entertained by the Company and it is at the sole discretion of the Company to deal with such requests.

#### **4. Gradation of Risk-**

**4.1.** The Company shall, for the purpose of grading the risk, take into account factors such as nature of loan, credit worthiness of the customer, nature of security, customer's profile, repayment capacity, customer's other financial commitments, past repayment, tenure of the loan, location of the customer etc.

**4.2.** The Company shall also, during the course of determining the gradation of risk and calculating the rate of interest and other charges, consider the rate offered by the Company's competitors in the market.