

## **Interest Rate Policy**

### **1.Introduction**

Aryakube Capital Private Limited (hereinafter referred to as "ACPL" or "the Company") is registered with the RBI as a Non-Banking Financial Company. Aryakube Capital Private Limited has framed this Interest Rate Policy in accordance with the Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025

### **2. Objective of the policy**

The objective of the Policy is to standardize the methodology used to charge interest rate, penal charges, and other costs, and to ensure transparency in lending.

### **3. Interest rate model**

- The Board of the company adopted an interest rate model taking into account relevant factors, such as cost of funds, margin and risk premium, including the following to determine the rate of interest to be charged for loans and advances.
  - a. Internal and External Costs of Funds – The rate of interest charged will 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. From an external cost of funds perspective, the benchmark interest rate that may be used by the Company could be the 10-year Government of India bond rate or any other generally acceptable benchmark rate as adjusted for the rating spreads available in the markets. Such cost of funds would be considered in line with the tenor of loan being offered.
  - b. Operating expenses – The interest rate charged will also take into account costs of doing business such as branch related operations costs & any other expenses as considered necessary.
  - c. Risk Premium – Base risk premium should be factored into all transactions & reflected in final interest rate 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 post considering factors mentioned in the Approach for gradation of risk section.
  - d. Fixed rate versus Floating rate – The applicable rate of interest shall also be commensurate from the perspective of the fixed versus floating interest rate requirements of the customers.
  - e. 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.

| <b>Parameter</b>        | <b>Description</b> |
|-------------------------|--------------------|
| Cost of funds (i)       | a A%               |
| Operating Expenses (ii) | b B%               |

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|                                  |      |
|----------------------------------|------|
| Risk Premium (iii)               | c C% |
| Final indicative rate (i+ii+iii) | x X% |

Above factors form the indicative basis to decide the interest rates. However, the final rate to be charged would be determined by the Managing Director taking into account factors including, but not limited to, the average and marginal cost of funds applicable to the specific loan.

Disclosure: The rate of interest and the approach for gradations of risk shall be disclosed to the borrower explicitly in the Application Form, sanction letter and Key Facts Statement (KFS), The rates and approach for gradation of risk shall also be made available on the Company's website

### **4. Approach for gradation of risk**

The rate of interest for various loans is arrived after adjusting for spread which shall be assessed on a case specific basis after evaluating various factors, inter-alia, based on the following:

- a) Profile of the borrower;
- b) Tenure of the loan;
- c) Relationship with the borrower;
- d) Repayment track record of the borrower in case of existing customer;
- e) Future potential;
- f) Group strength;
- g) Nature of security;
- h) Covenant structure;
- i) Internal administrative costs;
- j) Deviations permitted if any;
- k) any other factors that may be relevant in a particular case and as deemed fit.

Such information may be gathered based on information provided by the borrower, credit reports and market intelligence, if any.

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. The final risk pricing shall be determined by the Managing Director.

The indicative range for Interest rates charged for various categories of corporate loans sanctioned by ACPL is as follows:

| <b>Type of loan</b>  | <b>Final lending % p.a</b> |
|--|----------------------------|
| Secured or strong negative covenants with high balance sheet cover | 10-18%                     |
| Unsecured  | 12-25%                     |

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### **5. General Provisions**

- Key Facts Statement (KFS): For all retail and MSME term loans, the Company shall provide a Key Facts Statement (KFS) containing the Annual Percentage Rate (APR) and amortization schedule.
- Communication of Terms: All communications to the borrower shall be in the vernacular language or a language as understood by the borrower
- Changes in Terms: Any change in interest rates or charges shall be effected only prospectively. Notice of change will be provided in the vernacular language or a language understood by the 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.

### 6. Fees and Charges

A. Service Charges (Processing fees, Stamp duty, Legal expenses) - As per actuals/negotiation.

#### B. Penal Charges-

- Nature: Penalty for non-compliance with material terms (including repayment default) shall be levied as 'Penal Charges' and not as 'Penal Interest'.
- No Capitalization: There shall be no capitalization of penal charges (i.e., no interest computed on such charges).
- Reasonableness: The quantum of penal charges shall be reasonable and commensurate with the non-compliance, without being discriminatory.
- Disclosure: The quantum and reason for penal charges shall be clearly disclosed in the Loan Agreement and KFS.
- Cheque bounce / Instrument Return: Rs. 2,000 + GST.
- Loan Cancellation Charges: Rs. 10,000 + GST.

#### C. Pre-Payment Charges:

- Floating Rate Loans (Individuals - Non-Business): No pre-payment charges shall be levied.
- Floating Rate Loans (MSEs/Business): Company shall charge pre-payment charges only on loans disbursed for business purposes. However, no pre-payment charges shall be levied on floating rate loans sanctioned to Micro and Small Enterprises (MSEs) for business purposes with a sanctioned limit of up to Rs.50 Lakh
- Fixed Rate Loans: Pre-payment penalty may be applicable as per the terms mentioned in the Sanction Letter and KFS.

### **6. Administration, Amendment and Review of the Policy**

This Policy may be altered/revised as per changes in the market scenario and/or statutory guidelines. The Policy shall be reviewed at least once in a year or as and when there are any amendments in the applicable guidelines.