

# **Interest Rate Policy**

## **Aditsh Fintech Private Limited**

### **(NBFC - Category II)**

---

#### 1. Policy Objective

This Interest Rate Policy lays down a transparent and well-structured approach for determining interest rates on loans, ensuring fairness to borrowers and alignment with regulatory directives. The objectives are:

- To define the methodology for computing lending interest rates.
- To ensure that all borrowers are treated equitably and are well-informed.
- To ensure consistency, regulatory compliance, and effective risk management.

#### 2. Scope and Applicability

This policy is applicable to:

- All loan products offered by Aditsh Fintech across business segments.
- All departments involved in pricing, disbursing, or managing loans.
- Lending Service Providers (LSPs) acting on behalf of Aditsh Fintech.

#### 3. Components of Interest Rate

##### 3.1 Base Rate Determination

The base rate is reviewed and approved by the Risk and Credit Committees and comprises:

- Cost of Funds: Weighted average cost of borrowings.
- Operational Costs: Servicing, processing, and administrative expenses.
- Target Return on Capital: Adequate margin to sustain operations and risks.

Formula:  $\text{Base Rate} = \text{Cost of Funds} + \text{Operational Cost} + \text{Profit Margin}$

##### 3.2 Borrower Risk Premium

The final lending rate is arrived at by adding a risk premium to the base rate. This premium is determined based on:

- Credit score (CIBIL or equivalent)
- Income and cash flow analysis
- Debt serviceability
- Loan amount and tenure
- Collateral/security, if any  Business or employment stability

#### 4. Interest Rate Matrix and Approval Process

- A risk-based pricing model is used to assign borrowers into risk categories (Low, Medium, High).
- Each category has a pre-approved rate band with a minimum and maximum cap.
- The Interest Rate Matrix is:
  - Reviewed quarterly.
  - Updated based on changes in cost of capital, market trends, or RBI guidelines.
  - Approved by the Credit Committee and rafted by the Board.

#### 5. Interest Calculation Method

- Interest shall be charged on a reducing balance method or flat rate method depending on the loan product.
- This method will be clearly communicated to the borrower through the Key Fact Statement (KFS) and loan agreement.
- The Key Fact Statement shall be provided in the exact format prescribed by RBI and acknowledged digitally or physically by the borrower prior to disbursement

#### 6. Communication to Customers

- The interest rate, along with processing fees, late charges, and other terms, will be disclosed:
  - On the company website.
  - In the KFS before disbursement.
  - In all sanctioned lenders and loan agreements.
- Any changes during the loan term will be communicated in advance.

#### 7. Review and Monitoring

- This policy will be reviewed annually by the Board.
- Interest rates and their application will be audited for consistency and fairness.

- Any anomalies or non-adherence must be reported to the Risk & Compliance Committee.

#### 8. Transparency and Fair Practice

- No discrimination among borrowers based on caste, religion, gender, or region.
- Lending decisions and pricing will be guided solely by creditworthiness and risk.

---

This policy has been approved by the Board of Directors and shall be monitored through periodic reporting to the Board / relevant Committee.

Approved By: Board of Directors

Effective Date: 16, February 2026

Next Review Date: : 2, April 2027

Department Responsible: Risk & Credit Committee