

# Anand Rathi Global Finance Limited

## (“NBFC/ARGFL”)



### INTEREST RATE POLICY

**(ARGFL/COMPLIANCE/INT/2026/V9)**

#### Version History

Version	Approval	Version Description	Regulatory Reference
I	Board of directors at its meeting dated April 19 <sup>th</sup> , 2011	2011	RBI Regulation
II	Board of directors at its meeting dated August 4 <sup>th</sup> , 2015	2015	RBI Regulation
III	Board of directors at its meeting dated October 24 <sup>th</sup> , 2019	2019	RBI Regulation
IV	Board of directors at its meeting dated September 3 <sup>rd</sup> , 2021	2021	RBI Regulation
V	Board of directors at its meeting dated May 22 <sup>nd</sup> , 2024	2024	RBI Regulation
VI	Board of directors at its meeting dated Aug 30 <sup>th</sup> , 2024	2024	RBI Regulation
VII	Board of directors at its meeting dated May 26 <sup>th</sup> , 2025	2025	RBI Regulation
VIII	Board of directors at its meeting dated Nov 11 <sup>th</sup> , 2025	2026	RBI Regulation
IX	Board of directors at its meeting dated Feb 26 <sup>th</sup> , 2026	2026	RBI Regulation

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## INTEREST RATE POLICY

### Preface

Reserve Bank of India (**RBI**) vide erstwhile Master Directions – Reserve Bank of India (Non-Banking Financial ARGFL – Scale Based Regulation) Directions, 2023 (“**Master Directions**”) as updated from time to time has directed all non-banking financial companies (“**NBFCs**”) to communicate the annualized rate of interest to the borrower along with the approach for gradation of risk and rationale for charging different rates of interest to different categories of borrowers. RBI also reiterated that NBFCs to make available the rates of interest and the approach of gradation of risks on their website.

Keeping in view the RBI’s guidelines as cited above, and the good governance practices, ARGFL has adopted the following internal guidelines, policies, procedures, and interest rate model, for its lending activities.

This needs to be taken into consideration while determining interest rates and other charges, and changes thereto.

### Interest Rate Model

The business model of the ARGFL focuses on providing credit to customers meeting the credit standards of the ARGFL for varying tenors. The interest rate applicable to each loan account, within the applicable range is assessed on a case specific basis, based on evaluation of various factors detailed below:

- a) **Internal and External Costs of Funds** - the rate at which the funds necessary to provide loan facilities to customers are sourced, normally referred to as our external cost of funds. Internal cost of funds being the expected return on equity is also a relevant factor.
- b) **Tenor of the Loan & Payment Terms** – term/period of the loan, terms of payment of interest (viz monthly, quarterly); terms of repayment of principal; moratorium period, bullet payment, back ended payment schedule, zero coupon structured loans, etc.
- c) **Credit Risk** - as a matter of prudence, credit loss (risk) cost would be factored into all transactions. The amount of credit risk cost applicable to a particular transaction depends on the internal assessment of the credit strength of the customer.
- d) **Operating / Overhead cost:** It includes employee expenses, operational cost, etc
- e) **Margin:** A markup to reflect other costs / overheads to be charged to the loan and our designed margin.
- f) **Other Factors** – Matching tenor cost, market liquidity, RBI Policies on credit flow, offerings by competition, stability in earnings and employment, subvention, and subsidies available, deviations permitted, further business opportunities, external ratings, industry trends, switchover options will also be relevant factors in determining interest rate to be charged.

## Approach for 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.
- b) Credit and default risk in the/ related business segments.
- c) Historical performance of similar homogeneous clients.
- d) Profile and market reputation of the borrower.
- e) Industry segment.
- f) Nature and value of collateral security
- g) secured Vs unsecured loan
- h) Ticket size of loan
- i) Credit Bureau Score
- j) Tenure of Loan
- k) Location delinquency and collection performance
- l) Customer Indebtedness (other existing loans)
- m)Regulatory stipulations, if applicable, and
- n) any other factors that may be relevant in a particular case and as deem fit by the Board of Directors of the ARGFL (“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 the above factors.

While deciding the interest rate and other charges, the rate offered by the competitors in the market would also be taken into consideration.

## Rate of Interest

- i. Pricing is essentially a function of risk, tenor, and prevailing market trend. As far as fund-based exposure is concerned, pricing has two components, viz., benchmark and spread. The benchmark and spread are a function of cost of funds, margin, risk premium etc.
- ii. Interest rates offered could be on fixed rate basis or floating / variable rate basis.
- iii. In case of floating / variable interest rates, the interest rates will be benchmarked to ARGFL-prime lending rate (PLR).
- iv. The ARGFL-PLR is a benchmark interest rate approved by the Asset Liability Committee (ALCO) of the ARGFL, from time to time. The ARGFL-PLR will be reviewed periodically by

the ALCO. The estimation and the methodology for calculating the ARGFL-PLR may be changed at any time with the approval of the ALCO.

- v. The rate of interest for the same product and tenor availed during same period by different customers need not be standardized. The final lending rate applicable to each customer will be assessed based on various factors as detailed in this Policy.
- vi. The loan amount, annualised rate of interest and tenure of loan will be communicated to the borrower in the sanction letter and the apportionment of installments towards interest and principal dues shall be made available to the borrower.
- vii. Besides normal interest, the ARGFL may levy penal charges for any delay or default in making payments of any dues. The details of penal charges for late repayment will be mentioned in bold in the loan agreement and communicated in the sanction letter. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding interest in the loan account.
- viii. The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of the loan agreement without being discriminatory within a particular loan/product category.
- ix. The penal charges in case of loans sanctioned to loans individual borrowers for purposes other than business shall not be higher than the penal charges to non-individual borrowers for similar non-compliance of material terms and conditions.
- x. The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan/product category. The changes in interest rates and charges are effected only prospectively. The benchmark rate would be reset as decided from time to time.
- xi. Besides interest, other financial charges like processing charges, cheque bouncing charges, pre-payment / foreclosure charges, part disbursement charges, cheque swaps, cash handling charges, RTGS / other remittance charges, commitment fees, charges on various other services like issuing NO DUE certificates, NOC, letters ceding charge on assets/ security, security swap & exchange charges etc. would be levied by the ARGFL wherever considered necessary. In addition, the Goods and Services Tax and other taxes, levies or cess would be collected at applicable rates from time to time.
- xii. The rate of interest applicable to each customer is subject to change as the situation warrants and is subject to the risk as perceived by management on a case-to-case basis.
- xiii. Changes in interest rates would be decided at any periodicity, depending upon changes in benchmark rate, market volatility and competitor review.
- xiv. Intimation of change of interest or other charges would be communicated to customers in a manner deemed fit, as per the terms of the loan documents. Any revision in interest or other charges would be with prospective effect.
- xv. The interest reset period for floating / variable rate lending would be decided by the ARGFL from time to time, applying the same decision criteria as considered for fixing interest rates.

- xvi. In case of staggered disbursements, the rates of interest would be subjected to review and the same may vary according to the prevailing rate at the time of successive disbursements or as may be decided by the ARGFL.
- xvii. Claims for refund or waiver of charges/ penal charges would not be entertained by the ARGFL. It is the sole and absolute discretion of the ARGFL to deal with such requests, if any.

The rate of interest is subject to change as the situation warrants due to market compulsions and change in regulatory norms and is subject to the discretion of the management on a case-to-case basis. The interest rate policy will be displayed on ARGFL's website.

## Benchmark and Spread Reset

The Asset Liability Committee (ALCO) shall review, deliberate and approve benchmark and spread rate with changes, if any, in its quarterly meeting or such frequency as per its own discretion.

## General Principles for Penal Charges

- Penal charges for the purpose of this Policy represent charges over and above normal interest rates/ fees, levied for default by the borrower in complying with the term on which credit facilities were sanctioned. The term "default" covers delay in repayment of loan, irregularity in the conduct of the account or non-compliance with material terms of the sanction of the facility.
- The quantum and reason for penal charges as documented in this policy shall be clearly disclosed to the customers in the loan agreement/sanction letter, as applicable.
- Penal charges will be in addition to the EMI bounce charges, prepayment/foreclosure charges on prepayment of any loan facility levied to customers.
- Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefore shall also be communicated.

## Effective Date for RBI Guidelines for Penal Charges

Reserve Bank of India issued guidelines on **Fair Lending Practice - Penal Charges in Loan Accounts** (DoR.MCS.REC.28/01.01.001/2023-24) on 18th August 2023, this policy is to put in place governing principles in determination of penal charges for loans. Penal charges are levied with an intended objective to drive credit discipline in the conduct of the account.

These guidelines are applicable for all the fresh loans facility/agreement which are executed/ renewed from April 1, 2024.

In the case of existing loans, the switchover to new penal charges regime shall be ensured on the next review/ renewal date falling on or after April 1, 2024, but not later than June 30, 2024, this will be applicable to all the loan products of the Company.

## Key factors to be considered when deciding the Penal Charges

1. The penal charges should be reasonable and proportionate to the nature of the default or non-compliance.
2. The penal charges be applied in a transparent manner and only for non-compliance events.
3. The charges should be non-discriminatory and uniform for all customers in a particular loan segment.
4. The charges must be disclosed upfront in sanction letter / key fact statement (KFS).
5. The charges should adhere to RBI guidelines, ensuring that they are not excessive or exploitative.
6. The assessment of impact of default on its operational costs and risk exposure before finalizing penal charges to be done.
7. The quantum should be compared with the industry penal charge to ensure it aligns with prevailing market practices.
8. The methodology for computing penal charges should be clearly communicated to customers.

## Prepayment Charges

- Existing Loans (Sanctioned / Renewed on or before December 31, 2025)

The Company shall not levy any pre-payment charges on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s), in respect of loans sanctioned or renewed on or before December 31, 2025.

- Loans Sanctioned / Renewed on or after January 1, 2026

The Company shall adhere to the following directions regarding levy of pre-payment charges on loans and advances (term loans as well as demand loans) sanctioned or renewed on or after January 1, 2026:

- (a) The Company shall not levy any pre-payment charges on all floating rate loans granted for purposes other than business to individual borrowers, with or without co-obligant(s).
- (b) In respect of floating rate loans granted for business purposes to individuals and Micro and Small Enterprises (MSEs), as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, with or without co-obligant(s):

The Company shall not levy any pre-payment charges on loans having a sanctioned amount or limit up to ₹50 lakh.

- (c) The above provisions shall be applicable irrespective of the source of funds used for pre-payment of loans, whether in part or in full, and without any minimum lock-in period.
  - (d) In case of dual rate / special rate loans (combination of fixed and floating rate), the applicability of pre-payment charges depends on whether the loan is on floating rate at the time of pre-payment.
  - (e) In cases other than those specified above, pre-payment charges, if any, is be levied strictly in accordance with the Board-approved policy of the Company.
- In case of term loans, pre-payment charges, if levied, is be based on the amount being prepaid.
  - In case of cash credit / overdraft facilities, pre-payment charges on closure of the facility before the due date, if applicable, is be levied on an amount not exceeding the sanctioned limit.
  - (f) No pre-payment charges is be levied in respect of cash credit / overdraft facilities, where the borrower intimates the Company of its intention not to renew the facility within the period stipulated in the loan agreement and the facility is closed on the due date.
  - (g) The Company shall not levy any charges where pre-payment is effected at the instance of the Company.

- (h) The applicability or otherwise of pre-payment charges shall be clearly disclosed in the sanction letter and loan agreement. Further, in cases where a Key Facts Statement (KFS) is required to be provided, the same shall also be disclosed in the KFS. Pre-payment charges which have not been disclosed as specified herein shall not be charged.
- (i) The Company shall not levy any charges or fees retrospectively at the time of pre-payment of loans which were waived earlier by the Company.

## Annexure I

### INTEREST RATE MODEL

At present rate of interest to be charged to borrowers, at the time of sanctioning loans, is be in the range as mentioned below:

#### Construction Finance:

Particulars	Interest Rate
Construction finance loan	15.00%

#### LAP Loans:

Lending Assets / Sector	Range of Interest
Secured Loans (LAP)	11.50% to 16.00%

#### LAS Loans

Lending Assets / Sector	Range of Interest
Loan against securities	8.00% to 14.00%

#### Unsecured Loans /other loans

Lending Assets / Sector	Range of Interest
Unsecured Loans	9.00% to 15.00%

#### Financial Institutional Group (FIG) Loans

Lending Assets / Sector	Range of Interest
FIG Loans	Minimum 11.00%

#### Affordable Home Loans (AFHL)/ Affordable Loan against Property (ALAP)

Lending Assets / Sector	Range of Interest
AFHL	11.50% to 14.70%
ALAP	15.00% to 18.90%

\*Note:

In exceptional circumstances, based on risk perception, this may fall outside the indicated range which is be approved through the credit committee of the ARGFL in this regard.

The interest rate range is indicative, and the final rate is arrived basis the gradation of risk. Indicative interest rates as communicated above are subject to change at any point of time, subject to the sole discretion of the Company.

Currently, the Company benchmark rate is available on the website of the Company, any change in the same is subject to approval of the Asset Liability Committee.

The pricing would be based on due negotiation (where applicable) with the client and/or credit assessment parameters being followed by the Company.

## Annexure II

### DETAILS OF CHARGES

#### Loan against Property (LAP Loans)

Penal charges for late payment	Upto 1% per month (plus applicable taxes) per month is chargeable on the overdue amount from the date of its due till the date of payment.
Dishonor/Bouncing Charges per transaction on Chq/NACH/Any other Banking Instrument	₹ 1000/- (Plus applicable taxes) per instrument, per dishonor(only one time)
Processing charges	Upto 2% (Plus applicable taxes) of Sanctioned amount
Foreclosure/Prepayment within lock in period of 18 months	4% + 2% (Plus applicable taxes) on outstanding principal payment
Foreclosure/Prepayment after lock in period of 18 months	4% (Plus applicable taxes) on outstanding principal payment
Interest for delayed payment after due date	Rate of Interest Applicable
Audit/Review	Upto Rs 5000/- plus applicable taxes per collateral  For the purpose of 1. Technical review of the Security (not limited to title documents). 2. Review of Facility/ Security 3. Escrow account(s) Audit. 4. Documentation and audit charges
Non-Compliance Fees	Rs. 10000/- per month or part thereof Plus applicable taxes  For delay, failure of deficiency in submission of 1. Original title documents, 2. Property papers, 3. Approvals; and 4. other documents as required for verification, creation and perfection of security over mortgaged property.
Non-Collection of Property Paper	Rs. 2000/- per day plus applicable taxes after 30 days from the date of closure of loan till Property papers are collected.
IU Reporting Charges	IU reporting charges will be accrued and billed to the Customer's account on an annual basis, commencing post-disbursement. As per the fee structure specified in the IU Section on NeSL website at <a href="https://nesl.co.in/">https://nesl.co.in/</a>
Charges for photocopy of documents	₹ 1000/- (Plus applicable taxes)
Charges for documents retrieval at the time of closure of loan	₹ 3000/- + Applicable taxes
Charges for documents retrieval during loan tenure	₹ 6000/- + Applicable taxes
Cersai Charges	₹ 590/- (Plus applicable taxes) per property
Loan Reschedulement	0.50% (Plus applicable taxes) of the loan outstanding
Pre Closure quote/ Copy of Repayment schedule/ NOC issuance charges/ ECS Swap Charges / Duplicate NOC	₹ 500/- (Plus applicable taxes) per statement
EMI Re-Scheduling Charges	₹ 1500/- (Plus applicable taxes)
Mortgage orientation fees	Mortgage orientation fees are generally applicable to borrowers at the time of loan application towards legal, technical and credit evaluation of the application. Minimum Rs.3000/- (Plus applicable taxes) are charged as mortgage orientation fees. This is subject to change based on collateral property offered, number of applicants etc.

### Loan against Securities (LAS Loans)

Account Opening Charges	Rs. 750 + Applicable Taxes
Penal Charges	6% per annum on for shortfall / overdue amount
Interest Rate	9% to 15%
Processing fees	ARGFL may charge processing fees to the client between 0.1% to 2% on case to case basis, as agreed between the client and ARGFL
Foreclosure Charges	Nil
Cheque Bounce Charges	Rs. 500 + Applicable Taxes
Security Invocation Charges	0.25% of Securities Value + Applicable Taxes
Legal Charges	At actual to be borne by the borrower
CAMS/KFintech Lien Marking Charges per instance	Rs. 450 + Applicable Taxes
CAMS/KFintech Lien Removal Charges per instance	Rs. 100 + Applicable Taxes
NSDL Lien Marking Charges per instance	Rs. 800 + Applicable Taxes
NSDL Lien Removal Charges per instance	Rs. 200 + Applicable Taxes

### Construction Finance Loans

Penal Charges for sanctioned covenant / conditions breach	6% per annum (Plus applicable taxes) for the default period
Processing charges	2% (plus applicable charges) of sanctioned amount
Default Charges (Delay in payment of interest /repayment )	6% per annum (Plus applicable taxes) on overdue / delays / defaults of any amount payable for the default period.
Non deposit or route all or any part of the Project Receivables in Escrow Account or fails to obtain NOC prior to sale of units	2% per month (plus applicable taxes) on the amounts not deposited in Escrow Account for default period
Dishonor/Bouncing charges per transaction on Chq/NACH/Any other Banking instrument	₹ 1000/- (Plus applicable taxes) per instrument, per dishonor

### Financial Institutional Group (FIG) Loans

Penal Charges for sanctioned covenant / conditions breach	Upto 3% per month(plus applicable taxes) for the default period
Penal Charges for non-payment of Instalment / Interest on Due date	Upto 3% per annum (plus applicable taxes)
Processing charges	Minimum 0.25% (plus applicable charges) of sanctioned amount
Documentation, Legal and Other Charges	Minimum Rs.10,000/- (plus applicable charges)
Foreclosure Charges	2% (plus applicable taxes) of prepayment amount
Lock in Charges (if loan is lock in period)	2% (plus applicable taxes) of prepayment amount

**Affordable Financing of Housing Loan (AFHL)/  
Affordable Loan against Property (ALAP) Loans**

Processing charges	Upto 2% (Plus applicable taxes) of Sanctioned amount
Dishonor/Bouncing Charges per transaction on Chq/NACH/Any other Banking Instrument	₹ 1000/- (Plus applicable taxes) per instrument, per dishonor
Charges for delayed installment (EMI) for delayed payment after due date	Upto 1% per month (plus applicable taxes) per month is chargeable on the overdue amount from the date of its due till the date of payment.
Interest for delayed payment after due date	Rate of Interest Applicable
Charges for photocopy of documents	₹ 1000/- (Plus applicable taxes)
Charges for documents retrieval at the time of closure of loan	₹ 3000/- (Plus applicable taxes)
Charges for documents retrieval during tenure of loan	₹ 6000/- (Plus applicable taxes)
Cersai Charges	₹ 590/- (Plus applicable taxes) per property
Loan Reschedulement	0.50% (Plus applicable taxes) of the loan outstanding
Pre Closure quote/ Copy of Repayment schedule/ NOC issuance charges/ ECS Swap Charges / Duplicate NOC	₹ 500/- (Plus applicable taxes) per statement
EMI Rescheduling Charges	₹ 1500/- (Plus applicable taxes)
Audit/Review	Upto Rs 5000/- plus applicable taxes per collateral  For the purpose of 1. Technical review of the Security (not limited to title documents). 2. Review of Facility/ Security 3. Escrow account(s) Audit. 4. Documentation and audit charges
Non-Collection of property paper	₹2000/- per day plus applicable taxes after 30 days from the date of closure of loan till Property papers are collected.
IU Reporting Charges	IU reporting charges will be accrued and billed to the Customer's account on an annual basis, commencing post-disbursement. As per the fee structure specified in the IU Section on NeSL website at <a href="https://nesl.co.in/">https://nesl.co.in/</a>
Non-Compliance Fees	Rs. 10000/- per month or part thereof Plus applicable taxes  For delay, failure of deficiency in submission of 1. Original title documents, 2. Property papers, 3. Approvals; and 4. other documents as required for verification, creation and perfection of security over mortgaged property.
Mortgage orientation fees	Mortgage orientation fees are generally applicable to borrowers at the time of loan application towards legal, technical and credit evaluation of the application.  Minimum Rs.5,924/- and Maximum Rs. 11,122/- exclusive goods and services tax (GST) are charged as mortgage orientation fees. This is subject to change based on collateral property offered, number of applicants etc.
Foreclosure/Prepayment charges	As per grid below

<b>Foreclosure/Prepayment charges for AFHL/ALAP</b>	<b>BT*</b>	<b>OWN*</b>
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Lock in Period upto 12 months from the date of disbursement		
From 13-24 months from the date of disbursement	4%	4%
From 25-36 months from the date of disbursement	3%	3%
After 36 months from the date of disbursement till closure of loan	2%	2%
For foreclosure during the lock in period additional penalty levied as mentioned below		
Foreclosure charges for lock in period	4%	4%
Additional penalty for closure in lock in period	2%	2%

\*Revised charges will be applicable with effect from Financial Year 2026-27.

\*Taxes shall be applicable over and above-mentioned rates.

In addition to the above charges in all the loans, the Borrower is also liable for all costs, charges and expenses which the NBFC may pay or incur in any way resulting from the default.

## Summary of Changes –

<b>Version name</b>	<b>Change summary</b>
<u>ARGFL/COMPLIANCE/INT/2025/V7</u>	<ul style="list-style-type: none"> <li>• Addition of key factors to be considered when deciding the penal charge.</li> <li>• Penal Charges Policy merged with Interest Rate Policy.</li> </ul>
<u>ARGFL/COMPLIANCE/INT/2025/V8</u>	<ul style="list-style-type: none"> <li>• Key factors to be considered while deciding the penal charges included in the policy.</li> </ul>
<u>ARGFL/COMPLIANCE/INT/2026/V9</u>	<ul style="list-style-type: none"> <li>• Prepayment Charges</li> <li>• Details of Charges – LAS</li> </ul>