

KISSANDHAN AGRI FINANCIAL SERVICES PRIVATE LIMITED

INTEREST RATE POLICY

1. Introduction

Reserve Bank of India (RBI) vide its Directions – Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 dated November 28, 2025 ('The Directions') inter alia advised NBFCs to adopt an interest rate model taking into account various relevant factors and determine the rate of interest, processing, penal and other charges to be charged for loans and advances. The Directions further advised that the rate of interest and the approach for gradations of risk and rationale for charging different rates of interest to different categories of borrowers shall be disclosed to the borrower/customer in the application form and communicated explicitly in the sanction letter. The Board is required to lay down appropriate internal principles and procedures in determining interest rates and processing, penal and other charges.

2. Objectives of the Policy

The objectives of this Policy are to:

1. To develop an interest rate model to form a guiding principle for rate of interest charged and other charges recovered from customers for all loan products.
2. To be compliant with extant guidelines issued by RBI with respect to the interest rate charged and other charges recovered from the customers.
3. To formulate a policy and process to avoid charging relatively excessive interest rate to the customers.
4. To encourage credit discipline and ensure adherence to the terms and conditions of the loan contract.

3. Applicability

1. The policy applies to all loan products offered by the Company.
2. The Company will continue to evaluate multiple products to meet the financing requirements of its customers. Therefore, the Interest Rate Policy will be applicable and shall continue to be applicable to any product that is developed and provided by the Company to its customers.

4. Definitions

Annual Percentage Rate (APR)

"Annual Percentage Rate" or "APR" means the annualised cost of borrowing to the borrower, including the interest rate and such other charges as may be prescribed under applicable laws or regulatory directions.

Committee

"Committee" means **"Asset Liability Management Committee" or "ALCO"** or any other committee as constituted by the Board of Directors of the Company to oversee asset-liability management, liquidity management, funding strategy, interest rate risk, pricing framework and such other matters as may be delegated by the Board from time to time. For the purpose of this Policy, the ALCO shall review and determine the interest rate structure, pricing methodology and related charges within the authority delegated by the Board.

Board

"Board" or "Board of Directors" means the Board of Directors of Kissandhan Agri Financial Services Private Limited.

Borrower

"Borrower" means any individual, partnership firm, company, body corporate, trust, association of persons or any other person to whom the Company has sanctioned or granted a loan or credit facility.

Company

"Company" means **Kissandhan Agri Financial Services Private Limited**, a Non-Banking Financial Company registered with the Reserve Bank of India.

Directions

"Directions" means the **Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025**, as amended, modified, supplemented or re-enacted from time to time.

Fixed Rate of Interest

"Fixed Rate of Interest" means an interest rate that remains unchanged during the period specified under the terms of the loan agreement, unless otherwise agreed or permitted under applicable law.

Floating Rate of Interest

"Floating Rate of Interest" means an interest rate that varies during the tenure of the loan based on the benchmark or reference rate adopted by the Company in accordance with the applicable laws, regulatory directions and the terms of the loan agreement.

Interest Rate Model

"Interest Rate Model" means the Committee-approved framework adopted by the Company for determining the interest rates applicable to its loan products after considering factors including cost of funds, operating expenses, risk premium, business margin, borrower risk profile and such other factors as may be considered appropriate by the Company.

Prime Lending Rate (PLR)

"Prime Lending Rate" or "PLR" means the internal benchmark rate determined by the Company from time to time, based on the methodology approved by the ALCO or the Board, for pricing floating rate loan products, where applicable.

Risk Gradation

"Risk Gradation" means the internal process adopted by the Company for assessing and categorising borrowers into different risk categories based on objective credit assessment parameters for determining the applicable interest rate and pricing of a loan.

2.13 Policy

"Policy" means this **Interest Rate Policy** of the Company, as amended from time to time.

3. Determination of Interest Rate

The Board has approved and adopted an interest rate model according to which the interest charged is arrived at after considering inherent credit and default risk in the product and the clients, regulatory changes, carrying cost, operating cost or any other relevant factor such as prevalent market lending rates in the industry, etc.

4. Charging of interest to different categories of borrowers

The Company provides pay day loans. Our Company extends different range of products to several/different category of Borrowers. Our interest rates are determined in a manner that is non-discriminatory, transparent and consistent across customers in similar risk categories.

5. Interest Rate Model

1. The interest rate and yield for each of the loan product would be decided by the Asset Liability Management Committee (ALCO) from time to time.
2. The rate of interest shall be determined based on term of the loan; terms of payment of interest (viz. monthly, quarterly, yearly repayment); terms of repayment of principal; moratorium period, bullet payment, back ended payment schedule, zero coupon structured loans, etc.

3. The rate of interest shall be determined based on the cost of borrowed funds, matching tenor cost, market liquidity, refinance avenues, offerings by competition, tenure of customer relationship, cost of disbursements (Cost of Fund). In addition to the cost of fund, the rate of interest shall further be determined based on inherent credit and default risk in the products and customer per se arising from customer segment, profile of the customers, professional qualifications, stability in earning and employment and repayment ability, overall customer yield, risk premium, nature and value of primary and collateral securities, past repayment track record of the customers, external ratings & credit worthiness of the customers, industry trends, etc.
4. The Company shall publish on its official website the broad framework of its Interest Rate Policy, including the approach for risk gradation and the applicable range of interest rates for various loan products, in accordance with applicable regulatory requirements.
5. The applicable rate of interest shall be communicated explicitly in the sanction letter and such other documents as may be prescribed under applicable laws and regulatory directions.
6. The rate of interest applicable to every loan shall be expressed on an annualised basis to enable borrowers to understand the exact cost of borrowing and facilitate comparison across lending products.
7. The Company shall ensure that the interest rates, fees and other charges levied on loans are fair, transparent, reasonable and commensurate with the underlying credit risk, cost of funds, operating expenses, business requirements and prevailing market conditions.
8. While determining or revising interest rates, the Company shall ensure that the pricing does not result in charging excessive interest or unreasonable charges that are inconsistent with prudent lending practices or the committee approved Interest Rate Model.
9. The Company may, from time to time, offer floating rate loan products in accordance with the applicable provisions of the RBI (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025, and any statutory modification or re-enactment thereof.
10. The rate of interest shall factor the costs of doing business. Factors such as the complexity of the transaction, capital risk weightage, the size of the transaction, location of the borrower and other factors that affect the costs associated with a particular transaction would be taken into account before arriving at the final interest rate quoted to a customer. The Company will also factor in the markup to reflect other costs / overheads to be charged to the loan and the designed margin.
11. The company may adopt an interest rate model whereby the rate of interest for same product and tenor availed during same period by customers would be different from customer to customer depending upon consideration of any or combination of a few or all factors listed out above. Hence, the interest rate applied would be different from customer to customer and his/ her loans.
12. The annualized rate of interest would be intimated to the customer. The interest rates would be offered on fixed, floating, variable basis. The prime lending rate for the floating rates would be reviewed periodically. In case of floating rate of interest, the interest rate would be

reviewed and decided by the Company from time to time. The estimation and the methodology for calculating the Prime Lending Rate (PLR) may be changed at any time with the approval of the ALCO.

13. The interest rate would be computed on daily balances basis and charged on monthly rest or such other rest as the committee decide in accordance with applicable rules and regulations.
14. Interest rates shall be intimated to the customers at the time of sanction/ availing of the loan and the equated installments apportionment towards interest and principal dues shall be made available to the customer.
15. Interest changes would be prospective in effect and intimation of change of interest, if any, or other charges would be communicated to customers.
16. In case deemed fit, the Company may consider necessary moratorium for interest payment and repayment of principal with proper built in pricing in line with the product program of the company.
17. In case of staggered disbursements, the rate of interest would be subjected to review and the same may vary according to the prevailing rate at the time of disbursement or as may be decided by the Company.

6. Additional Interest, Penal Interest, Charges etc.

1. The Company may levy additional interest for adhoc facilities, penal charges for non-compliance with material terms and conditions of the loan contract, including delay or default in repayment of dues. Further, such penal charges shall not be levied in the form of penal interest, shall not be added to the applicable rate of interest and shall not be capitalized.
2. No penal charges shall be levied on outstanding penal charges. Interest on unpaid interest, including unpaid EMIs, may continue to be charged at the contracted rate of interest until the date of remediation. The quantum and reason for levy of penal charges will be appropriately disclosed in the loan agreement and communicated in the sanction letter.
3. The penal charges can be different within the same product category depending upon the amount of loan. The structure of penal charges within a particular loan / product category will be uniform irrespective of the constitution of the borrower.
4. In addition, the Company may levy processing / documentation and other charges recovered are expressly stated in the Loan documents. Other financial charges like processing charges, documentation 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 company 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.

5. Such additional interest, penal charges, any other charges, processing fees etc. may vary based on the loan product, exposure limit, customer segment, geographical location and generally represent the cost incurred in rendering the services to the customers. The practices followed by other competitors in the market would also be taken into consideration while deciding the charges.
6. The rate of interest applicable to each customer is subject to change as the situation warrants and is subject to the management's perceived risk on a case to case basis.
7. Changes in interest rates would be decided at any periodicity, depending upon change in benchmark rate, market volatility and competitor review.
8. Intimation of change of interest or other charges would be communicated to customers in a manner deemed fit, as per terms of the loan documents. Any revision in interest or other charges would be with prospective effect.
9. Claims for refund or waiver of charges/ penal charges/ additional interest would normally not be entertained by the Company. It is the sole and absolute discretion of the Company to deal with such requests, if any.

7. Gradation of the risk and rationale for charging different rate of interest

A. Risk Gradation

For the purpose of pricing, borrowers may be classified into different risk categories based on the Company's internal credit assessment methodology. Such assessment may consider one or more of the following factors, wherever applicable:

Parameter	Illustrative Considerations
Creditworthiness	Credit score, credit history, repayment track record, existing credit facilities and credit bureau information.
Repayment Capacity	Income, cash flows, debt servicing capacity, debt-to-income ratio and financial position.
Employment / Business Profile	Nature of employment or business, stability of income, employer profile, business vintage and continuity.
Customer Relationship	Existing relationship with the Company, past repayment behaviour and customer conduct.
Loan Characteristics	Loan amount, tenure, repayment structure, end use of funds and product type.
Security / Collateral	Nature, quality and value of security or collateral, wherever applicable.
Portfolio & Industry Risk	Industry, geographic location, market conditions and other portfolio-level risk considerations.
Fraud & Compliance Risk	Identity verification, fraud indicators,

	regulatory compliance and other risk assessment parameters.
Other Factors	Any other commercial, operational or risk-related factor considered relevant by the Company from time to time.

The Company may assign different weightages to the above parameters depending upon the nature of the loan product and the borrower's profile.

B. Risk Categories

Based on the assessment of the above parameters, borrowers may broadly be classified into the following categories:

Risk Category	General Characteristics
Low Risk	Strong credit profile with lower probability of default.
Moderate Risk	Satisfactory credit profile with moderate credit risk.
Higher Risk	Elevated credit risk requiring an appropriate risk premium.
Very High Risk	Risk profile exceeding the Company's normal underwriting standards and may be declined or considered only under approved exceptions.

The Company reserves the right to modify the risk categorisation methodology based on business requirements, portfolio performance, regulatory changes and its risk appetite.

C. Rationale for Charging Different Rates of Interest

The Company adopts a risk-based pricing approach to ensure that the interest rate charged is commensurate with the credit risk associated with each borrower and the cost of providing the credit facility.

Accordingly, the rate of interest applicable to a borrower may vary based on one or more of the following factors:

- cost of funds;
- operating and servicing costs;
- borrower risk category;
- probability of default and expected credit losses;
- loan amount and tenure;
- repayment structure;
- security or collateral offered, where applicable;
- product type and end use of the loan;
- prevailing market conditions;

- regulatory requirements; and
- any other commercial or business consideration considered relevant by the Company.

Borrowers assessed as having a relatively lower credit risk may be offered comparatively lower rates of interest, whereas borrowers assessed as having a relatively higher credit risk may be charged a higher rate of interest to appropriately reflect the additional credit risk, subject to the Company's Committee - approved Interest Rate Model.

8. Policy Review and Updates

The interest rate models and other charges applicable shall be reviewed as and when required and the same can be modified at any time by the ALCO and the Board of directors of the Company.