Archbridge
CAPITAL

INTEREST RATE POLICY

ARCHBRIDGE CAPITAL PRIVATE LIMITED

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1. PREFACE OF THIS POLICY

As per the Reserve Bank of India guidelines, Board of each NBFC shall approve an Interest rate model that is applicable for the Company, taking in to account relevant factors such as cost of funds, margin and risk premium etc., and determine the rate of interest to be charged for loans and advances. Further, the directive states that the rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different category of borrowers should be communicated to the borrowers / customers in the sanction letters issued to them.

The Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 dated November 28, 2025 (RBI/DOR/2025-26/362, DOR.MCS.REC.No.281/01-01-039/2025-26), read with the Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025, as amended from time to time (collectively, the "RBI Regulations"), require the Board of every Non-Banking Financial Company (NBFC) to put in place an interest rate model and to lay down appropriate internal principles and procedures for determining interest rates, processing fees, penal charges and other charges levied on loan products, with a view to ensuring transparency, fairness and responsible conduct in lending.

The board of directors of **ARCHBRIDGE CAPITAL PRIVATE LIMITED** (henceforth referred to as "**Company**" or "**ACPL**") has designed a detailed interest rate policy (**"the Policy")** in accordance with the master direction issued by the Reserve bank of India (including amendments thereof) to disclose their internal guiding principles, interest rate model, rate of interest, gradations of risk and rationale for charging different rate of interest to their borrowers.

The Company shall take this Policy into consideration while making all of its decisions regarding the determination of interest rates and other charges applicable to its loan offerings.

2. OBJECTIVE OF THIS POLICY

The primary objective behind drafting and adopting this policy is to decide on the principles, methodology and approach of charging spreads to arrive at final rates charged from customers and define the standard interest rates to be followed for different customer segments and loan offerings.

The Policy will also help the Company to lay down the different principles and rationale behind determining the different interest rates charged to its different customers.

The **ACPL** through this policy charge interest rates determined in a manner as to ensure long-term sustainability of the business by considering the interests of all stakeholders and developing and adopt a suitable model for the calculation of a reference rate.

3. INTERNAL RESPONSIBILITIES

Board of Directors: The Board of Directors of the Company shall oversee this Interest Rate Policy and ensure its effective implementation. Further, the Board may delegate the responsibility of implementation of this Policy and other functioning aspects to the any director and/or ACPL as it deems fit.

4. INTEREST RATE MODEL

The company's borrowings and all its loans to clients shall be on ***Fixed Rates/Floating Rates***. **ACPL** being a diversified NBFC is engaged in the business of lending money through various products to cater the needs of different customer segments. The primary target audience for the Company's offerings include:

a) Secured MSME Loan
b) Mortgage (Individual salaried, Individual self-employed, SMEs)

The interest rate shall be calculated by the Company after considering, factors such as Weighted Average cost of borrowing, Cost of Equity, Fund raising cost, Opex Cost, Risk Premium and Base ROA etc.

Further, the Company shall determine the interest rate applicable to each loan account based on different yard sticks such as tenure of the loan, borrower's profile, borrower's repayment capacity, past repayment track record of the borrower, etc.

5. BENCHMARK ESTABLISHING THE INTEREST RATE

The interest rate applicable to different loan products of the Company shall be determined by taking the following aspects into consideration:

Sr. No	Factor	Description
1	Weighted Average cost of borrowing	The Company borrows funds through term loans, ICD, Non-Convertible Debentures and subordinate debt etc. from the investors. Weighted average cost of borrowing of such funds is taken for benchmark calculation.
2	Cost of Equity	ACPL needs to put some equity portion to run the business and the cost of such equity is taken into consideration.
3	Fund raising cost	It includes processing fees on term loans, brokerage to source funds through NCDs /ICD, Rating Fee, trusteeship fee, commission etc.
3	Opex Cost	It includes employee expenses, branch related fixed and variable costs, operations costs, sales and marketing expenses etc
5	Risk Premium	Base risk premium to cover business-related risks and would vary by business, customer segment, geography, sourcing channel etc.
6	Base ROA	Base Return on assets is the minimum return expected by the company on its assets.

6. PRINCIPLES BEHIND CHARGING DIFFERENT INTEREST RATES

The Company shall take the following factors into account for charging different interest rates to its different customers:

a) Risk associated with credit and probability of default in the applicant's business segment.
b) Track record of clients with similar backgrounds.
c) Historical performance of similar homogeneous clients
d) Profile of each loan applicant.
e) The industry which an applicant belongs to.
f) The repayment history of the borrower.
g) Ticket size of the loan.
h) Credit Bureau score of the borrower.
i) Duration of the loan.
j) Collection performance in the geographies to which the applicant belongs.
k) Existing debts of the borrower.

The rate of interest for the same product and tenor availed during same period by different customers need not be the same. It could vary for different customers depending upon consideration of all or combination of above factors.

7. ADDITIONAL CHARGES

Besides interest, the Company may levy other financial charges such as loan processing fees, cheque bounce charges, and pre-payment/foreclosure charges. In case of non-compliance with the material terms and conditions of the loan contract, the Company will levy penal charges. These charges will be subject to the following conditions:

a) The penalty shall be levied as 'penal charges' and not in the form of 'penal interest' that is added to the rate of interest.
b) There shall be no capitalisation of penal charges, meaning no further interest will be computed on such charges.
c) The quantum of penal charges shall be reasonable and commensurate with the non-compliance and will be disclosed transparently in the loan agreement and the Key Facts Statement (KFS).
d) Penal charges shall be levied only on the amount under default and in a non-discriminatory manner. The structure of penal charges within a particular loan or product category shall be uniform irrespective of the constitution of the borrower (i.e., individual or non-individual), though the quantum may differ depending upon the amount of loan within a particular product category. Penal charges shall not be used as a tool for revenue enhancement and shall be levied solely to inculcate credit discipline.
e) The penal charges levied on loans sanctioned to individual borrowers for purposes other than business shall not be higher than the penal charges applicable to non-individual borrowers for the same nature of non-compliance of material terms and conditions.
f) Additional or fresh penal charges shall not be levied on the earlier outstanding amount of penal charges (i.e., no compounding of penal charges).
g) Interest may be charged on unpaid interest (including on unpaid EMI) at the contracted rate of interest, until the date of remediation, in accordance with the normal procedure for compounding of interest in the loan account; however, such interest shall not be charged at any penal rate.
h) The quantum and reason for penal charges shall be clearly disclosed by the Company to the borrower upfront in the loan agreement, the Most Important Terms & Conditions / Key Facts Statement (as applicable), the sanction letter, and on the Company's website under the heading "Interest Rates and Service Charges". A mere reference in the sanction letter or loan agreement to the schedule of penal charges displayed on the website shall not be sufficient.
i) Whenever reminders for non-compliance of material terms and conditions of the loan are sent to the borrower, the applicable penal charges shall be communicated. Each instance of levy of penal charges and the reason therefor shall also be communicated to the borrower.
j) The Company shall follow the instructions and clarifications issued by the Central Board of Indirect Taxes and Customs (CBIC) with regard to the applicability of Goods and Services Tax on penal charges. In the case of existing loans, the switchover to the new penal charges regime shall be ensured on the next review or renewal date.

Any change in the charges shall be communicated to borrowers in advance and shall apply prospectively only.

Pre-payment / Foreclosure Charges

The Company shall levy pre-payment / foreclosure charges on loans and advances in accordance with Section E (Pre-payment charges on loans) of Chapter III of the RBI (NBFCs – Responsible Business Conduct) Directions, 2025, as set out below:

k) In the case of existing loans sanctioned or 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).

l) In the case of loans and advances (term loans as well as demand loans) sanctioned or renewed on or after January 1, 2026, no pre-payment charges shall be levied on any floating rate loan granted for purposes other than business to individuals, with or without co-obligant(s). The Company, being classified in the Base Layer under the Scale Based Regulation framework, is not, at present, subject to the additional restrictions on pre-payment charges applicable to NBFCs in the Middle Layer and the Upper Layer in respect of floating rate loans granted for business purpose to individuals and Micro and Small Enterprises (MSEs). In the event that the Company is reclassified into the Middle Layer or above, this Policy shall stand modified to incorporate the additional restrictions then applicable, without the requirement of any further Board action.

m) The prohibitions referred to above shall apply irrespective of the source of funds used for the pre-payment, whether in part or in full, and without any minimum lock-in period being imposed.

n) In cases other than those referred to in the preceding bullets, pre-payment charges, if any, shall be in accordance with the approved policy of the Company. In the case of term loans, pre-payment charges, if levied, shall be calculated on the amount being prepaid. In the case of cash credit or overdraft facilities, pre-payment charges on closure of the facility before the due date shall be levied on an amount not exceeding the sanctioned limit. No pre-payment charges shall apply if the borrower intimates the Company in writing, before the period stipulated in the loan agreement, of its intention not to renew the cash credit or overdraft facility, provided that the facility is closed on the due date.

o) No charges shall be levied by the Company in any case where pre-payment is effected at the instance of the Company. No charges or fees which were waived by the Company earlier shall be levied retrospectively at the time of pre-payment.

p) The applicability or otherwise of pre-payment charges shall be clearly disclosed in the sanction letter, the loan agreement, and the Key Facts Statement. No pre-payment charges shall be levied by the Company if such charges have not been so disclosed.

8. OTHER PROCEDURAL ASPECTS

The Company shall adhere to the following procedural aspects with regards to the rate of interest charged on its different loan offerings:

a) The Company shall provide a Key Facts Statement (KFS) to all borrowers before the execution of the loan agreement, as mandated by the RBI. The KFS and the Loan Sanction Letter will explicitly and transparently disclose the annualized rate of interest (APR), the approach for gradation of risk, the rationale for charging different interest rates, and a comprehensive schedule of all applicable fees and charges. The Company shall inform the borrower about their loan amount; annualised rate of interest and other details of the loan at the time of sanctioning the loan.

b) The KFS shall be issued in the standardised format prescribed in Annex I to the RBI (NBFCs – Responsible Business Conduct) Directions, 2025, in a language understood by the borrower. The contents of the KFS shall be explained to the borrower and an acknowledgement shall be obtained from the borrower confirming that the contents have been understood.

c) The KFS shall be issued with a unique proposal number and shall have a validity period of at least three (3) working days for loans having a tenor of seven (7) days or more, and a validity period of at least one (1) working day for loans having a tenor of less than seven (7) days. The Company shall be bound by the terms of the loan indicated in the KFS, if agreed to by the borrower during the validity period.

d) The KFS shall include a computation sheet of the Annual Percentage Rate (APR) and the amortisation schedule of the loan over the entire loan tenor. The APR shall include all charges levied by the Company. Charges recovered from the borrower by the Company on behalf of third-party service providers on actual basis (such as insurance charges, legal charges, etc.) shall also form part of the APR and shall be disclosed separately. In all such cases where the Company is involved in recovering third-party charges, receipts and related documents shall be provided to the borrower for each payment, within a reasonable time.

e) No fees, charges or any other amount which is not mentioned in the KFS shall be charged to the borrower by the Company at any stage during the term of the loan, without the explicit consent of the borrower.
f) The KFS shall also be included as a summary box exhibited as part of the loan agreement.
g) Other charges such as processing fees, additional interest charged on delayed payments and cheque bouncing charges shall also be mentioned in the sanction letter and Loan Agreement.
h) The annualised rate of interest shall be intimated to the borrower so that they are aware of the exact rates charged to the account.
i) The Company shall display its interest rate policy and interest rate structure for each loan product on its website.
j) The Company shall inform its customers about any increase in fees or charges via different communication channels such as SMS, email, website updates, etc.

9. POLICY ON FLOATING RATE LOANS

Currently, the Company offers loans only at a fixed interest rate. However, as and when the Company introduces floating rate loans in the future, the Company will follow the principles in compliance with applicable RBI regulations.

Without prejudice to the foregoing, in respect of any floating rate Equated Monthly Instalment (EMI) based personal loans that may be offered by the Company, and (where applicable, mutatis mutandis) any equated instalment-based loans of other periodicities, whether linked to an external benchmark or an internal benchmark, the following framework, drawn from Section D of Chapter III of the RBI (NBFCs – Responsible Business Conduct) Directions, 2025, shall apply:

k) At the time of sanction, the Company shall clearly communicate to the borrower the possible impact of changes in the benchmark interest rate on the loan, including the potential resulting changes in EMI and / or tenor (or both). Any subsequent increase in EMI, tenor, or both on account of any such change shall be communicated to the borrower immediately through appropriate channels.
l) At the time of reset of interest rates, the Company may, at its option, provide a choice to the borrower to switch over to a fixed rate as per the Board-approved policy of the Company. Such policy shall, inter alia, specify the number of times a borrower will be permitted to exercise such switch during the tenor of the loan.
m) The borrower shall also be given the choice to opt for (i) enhancement in EMI, elongation of tenor, or a combination of both, and (ii) pre-payment of the loan, either in part or in full, at any point during the tenor of the loan, subject to the provisions on pre-payment charges set out in this Policy.
n) All applicable charges for switching of loans from floating to fixed rate, and any other service charges or administrative costs incidental to the exercise of the options referred to above, shall be transparently disclosed in the sanction letter and at the time of any revision of such charges or costs. The applicable charges shall be as approved by the Board and shall be displayed on the Company's website.
o) The Company shall ensure that the elongation of tenor in the case of a floating rate loan does not result in negative amortisation.
p) The Company shall share or make accessible to the borrower, through appropriate channels, a statement at the end of each quarter which shall, at the minimum, enumerate the principal and interest recovered to date, the EMI amount, the number of EMIs remaining, and the annualised rate of interest / APR for the entire tenor of the loan. The Company shall ensure that such statements are simple and easily understood by the borrower.
q) In the case of any loan linked to an external benchmark, the Company shall put in place adequate information systems to monitor the transmission of changes in the benchmark rate to the lending rate of the borrower.

10. REVIEW OF THIS POLICY

This Policy shall be reviewed by the Company's Board of Directors annually, or as and when any changes are necessitated to the Policy. The Chief Compliance Officer/Executive Director /or Committee may suggest changes or modifications to the Policy and present it before the Board for its approval and adoption.

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