



### INTEREST RATE POLICY OF RAMCHANDRA LEASING AND FINANCE LIMITED

**(A Non-Banking Financial Company – Investment and Credit Company (NBFC-ICC), Non-Deposit Taking, Non-Systemically Important (ND-NSI))**

**Registered Office: 201/1, Rudra Plaza, Dandia Bazar Main Road, Vadodara – 390001, Gujarat  
Corporate Address: F40, Ground Floor, Sector 6, Noida – 201301, Uttar Pradesh**

This Interest Rate Policy of Ramchandra Leasing and Finance Limited, being a Non-Banking Financial Company – Investment and Credit Company (NBFC-ICC), Non-Deposit Taking and Non-Systemically Important (ND-NSI), has been duly approved by the Board of Directors.

#### 1. PREAMBLE

Ramchandra Leasing and Finance Limited ("the Company") recognises that the determination and administration of interest rates and associated charges constitute a central element of its lending operations and directly influence customer protection, credit discipline, revenue stability, and regulatory compliance. Being a regulated NBFC-ICC ND-NSI under the Master Direction – NBFC – Scale Based Regulation (SBR), 2023, the Company acknowledges its obligation to uphold the principles of fairness, transparency, and reasonableness in the pricing of all credit products.

This Policy sets forth the Company's internal philosophy, governance structure, approval mechanism, risk-based rationale, operational methodology, disclosure standards, and compliance obligations concerning interest rates, fees, charges, and penal amounts applied across its loan portfolio. The Policy seeks to ensure that all pricing decisions are rational, defensible, consistent with RBI guidelines, and aligned with the Company's long-term risk strategy and customer protection standards.

#### 2. PURPOSE AND SCOPE

The purpose of this Policy is to articulate a comprehensive, Board-approved system for determining interest rates and pricing components applicable to all loan products offered by the Company. It establishes the mechanisms through which interest rates are set, revised, reviewed and disclosed.

This Policy governs all types of loans—payday loans, short-tenor loans, consumer loans, and any other products introduced by the Company—and is applicable irrespective of whether loans are sourced directly, through branches, through Loan Service Providers (LSPs), or via Digital Lending Applications (DLAs).

The Policy is binding upon the Board of Directors, senior management, the Credit Team, operational staff, digital platforms, LSPs, outsourced agents, and any other individual or entity involved in loan origination or servicing.

#### 3. PRINCIPLES GUIDING INTEREST RATE DETERMINATION

The Company shall determine interest rates based on a holistic assessment of credit risk, borrower profile, operational costs, expected loss rates, delinquency behaviour, risk-adjusted return expectations, market conditions, regulatory prescriptions, and portfolio diversification objectives.

Interest rates shall always be determined in a manner that is non-discriminatory, transparent, appropriately risk-based, and consistent across customers in similar risk categories. All pricing decisions shall aim to balance customer fairness with the Company's obligation to maintain financial soundness, risk coverage, and operational sustainability.

The Company emphasises that interest rates are not to be used as a mechanism for exploiting vulnerable customers, and therefore adopts this Policy to ensure consistency, fairness, and non-exploitative lending practices.

#### 4. GOVERNANCE STRUCTURE AND BOARD CONTROL

The authority to approve interest rates rests exclusively with the Board of Directors. The Credit Team may formulate pricing proposals based on risk analytics, market benchmarking, cost structures, and business strategy, but no interest rate or pricing decision becomes effective unless it receives explicit approval of the Board.

The Board shall periodically review the interest-rate framework, evaluate product-wise risk-return performance, take note of regulatory developments, and authorise such modifications as may be necessary. The Company shall maintain comprehensive documentation detailing the rationale behind each pricing decision to support audit and regulatory examination.

No director, officer, employee, agent, LSP, DLA operator, or intermediary is authorised to offer or modify interest rates without Board-approved authority.

## **5. Interest Rate Structure for Payday Loans**

The Company's payday-loan product, designed to meet short-term liquidity requirements of borrowers, shall ordinarily carry an interest rate of 1% (one percent) per day. This daily rate reflects the short tenor, high-frequency nature of the product, the accelerated risk associated with the borrower segment, and the immediate liquidity support the product provides.

The Company acknowledges that a rigid, uniform rate may not always align with evolving credit risk patterns, repayment behaviours, customer cohorts, or broader market developments. Accordingly, the daily rate of 1% shall serve as the standard baseline rate, subject to modification only upon recommendation by the Credit Team and mandatory approval by the Board of Directors.

Any deviation—whether upward or downward—shall be thoroughly justified in terms of delinquency patterns, loss behaviour, risk-weighted return expectations, operational costs, fraud trends, or strategic lending considerations. Such revisions shall not be implemented without the Board's express resolution approving the revised structure.

## **6. INTEREST RATE FRAMEWORK FOR OTHER LOAN PRODUCTS**

For all other loan products, the Company shall adopt a flexible yet rigorously governed risk-based pricing framework. The Credit Team shall analyse borrower profiles, tenure, asset class, income stability, repayment history, credit bureau information, operational costs, and market benchmarks to determine an appropriate interest rate.

Risk tiers may be developed internally to distinguish low-risk customers from higher-risk categories; however, at all times, the final rate offered on any product shall require prior approval of the Board of Directors.

The Company shall ensure uniform treatment of borrowers with similar risk characteristics and shall not apply differentiated pricing without well-documented and objective justification. Every product shall maintain a clear pricing rationale based on quantifiable and qualitative metrics, including expected loss rates, cost-to-serve, collection intensity, fraud risks, technology costs, and digital-onboarding expenses.

## **7. TRANSPARENCY, DISCLOSURE AND CUSTOMER COMMUNICATION**

The Company shall disclose interest rates and pricing in a manner that is honest, complete, comprehensible and consistent with the RBI's guidelines on consumer protection and digital lending.

Interest shall always be communicated in annualised percentage terms (APR) even where daily or short-tenor rates are utilised operationally. Borrowers shall receive clear disclosure in the Sanction Letter, Loan Agreement and Key Fact Statement of the total cost of credit, including interest, processing fees, GST (if applicable), third-party charges, and any other cost component.

The Company shall clearly inform borrowers of the effect of delayed payments and shall never conceal or obscure the consequences of non-payment or late payment.

## **8. PENAL CHARGES AND COMPLIANCE WITH RBI DIRECTIONS**

Penal charges shall be levied strictly in accordance with the directives of the Reserve Bank of India. The Company recognises RBI's clear prohibition on capitalising or compounding penal charges into interest and affirms that

such charges shall be applied only on the overdue portion of the instalment, not on the entire outstanding loan amount.

Penal charges shall be reasonable, proportionate, and solely intended to discourage delays in repayment, and shall function as a revenue enhancement mechanism. Borrowers shall be informed transparently at the time of loan sanction, of the nature, quantum and methodology for calculation of any penal charges.

## **9. CONSISTENCY WITH FAIR PRACTICES, ETHICAL CONDUCT AND CUSTOMER PROTECTION**

The interest-rate framework shall operate strictly in conformity with the Company's Fair Practices Code, ensuring that all pricing decisions remain non-exploitative and fully aligned with the principles of customer fairness.

Interest rates shall not be structured in a manner that creates undue hardship, misleading or deceptive pricing, or confusing terms. The Company shall ensure that borrowers clearly understand their obligations and that interest rates do not become a source of imbalance or unfairness in the lender-borrower relationship.

## **10. MIS, MONITORING AND INTERNAL CONTROLS**

The Company shall maintain a robust internal monitoring system to analyse interest-rate performance, track borrower behaviour, identify pricing anomalies, assess portfolio yield, and evaluate delinquency trends. Insights generated through this system shall be reviewed by senior management and periodically escalated to the Board to support informed decision-making and oversight.

All pricing decisions, including Board approvals, implementation timelines and communication changes, shall be properly documented and archived for examination by internal audit, statutory audit or the Reserve Bank of India as required.

## **11. REVIEW, AMENDMENTS AND REGULATORY ALIGNMENT**

This Policy shall be reviewed at least once every financial year or earlier if necessitated by changes in market conditions, regulatory developments, supervisory observations, or internal portfolio behaviour.

Any amendment to this Policy shall require the approval of the Board of Directors. Upon approval, the Company shall update its operational manuals, lending systems, website and disclosure repositories to ensure consistency and transparency across all touchpoints.

## **FOR & ON BEHALF OF RAMCHANDRA LEASING AND FINANCE LIMITED**

**SD/-**  
**Dhiraj Kumar Jha**  
Company Secretary