

# ASPIRE FINANCE PRIVATE LIMITED

CIN: U65929KA2022PTC167759

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## INTEREST RATE POLICY

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Policy owner	Board of Directors
Approved by	Board of Director

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## A. BACKGROUND

The Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulations) Directions, 2023 read with relevant guidelines or circulars as may be amended or issued by RBI from time to time requires NBFCs to implement an Interest Rate Policy to make available the rates of interest and the approach for gradation of risks on the website of the NBFCs. In compliance, Aspire Finance Private Limited (referred to as "**Company**") has formulated the following Interest Rate Policy (referred to as the "**Policy**") considering factors such as the cost of funds, margin, and risk premium to determine the interest rates for loans and advances, with the Board of Directors and the Management Team responsible for its fair and equitable implementation.

## B. OBJECTIVE OF THE POLICY

The Policy aims to establish benchmark rates for various borrower segments and determine the principles and methods for applying spreads to finalize the rates charged to borrowers. It also includes communicating the annualized interest rate to borrowers, along with the risk grading approach and reasons for charging varied interest rates to different borrower categories. Additionally, the Policy mandates making interest rates and risk grading approaches accessible on the Company's website.

## C. RATE OF INTEREST

The Company informs the borrower about the loan amount, interest rate, and any applicable charges upon sanctioning the loan. This includes details such as the tenure, installment amounts, and due dates. The interest rate is determined based on factors like the weighted average cost of funds, average customer acquisition cost, administrative and operational expenses, risk premium, and profit margin. These interest rates may be adjusted as necessary, at the discretion of management of the Company, or due to changes in external cost factors influencing interest rate setting.

A fair profit margin will be included to determine the leading rate.

Cost of Fund (A)	xx%
Credit Risk (B)	xx%
Opex Cost (C)	xx%
Cost of Acquisition (D)	xx%
Cost of Onboarding and data (E)	xx%
Profit Margin (F)	xx%
Rate offered to Customer (G)	xx%

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## D. APPROACH FOR RISK GRADATION

The risk premium assigned to a customer will be evaluated based on several factors, including:

- a) Interest and default risks associated with the related business or customer segment.
- b) Historical performance of similar homogeneous clients
- c) Profile of the borrower and market information
- d) Industry segment
- e) Repayment track record of the borrower
- f) Nature and value of collateral security – Secured Vs Unsecured loan
- g) Subvention available
- h) Ticket size of loan
- i) Bureau Score
- j) Tenure of Loan
- k) Location delinquency and collection performance
- l) Customer Indebtedness (other existing loans)
- m) Overall customer yield, future potential, repayment capacity, and other financial obligations of the borrower
- n) Asset type and intended use of the loan.
- o) Regulatory requirements, if applicable.
- p) Any other relevant factors specific to the individual case.

## E. PROCESSING, DOCUMENTATION AND OTHER CHARGES

Besides interest, other financial charges like processing fees, late payment charges, pre-payment / foreclosure charges, cheque swap charges etc., would be levied by the Company wherever considered necessary. These charges would be decided upon by respective business / product heads in consultation with Operations, Finance and Legal Heads. All charges will be clearly outlined in the KFS and the loan agreements. No charge will be levied on customer if those are not upfront communicated to customer via KFS.

These charges depend on factors such as the type of loan, customer category, geographical area, and reflect the costs associated with providing services to customers. Market practices of competitors are also considered when determining these fees.

## F. COMMUNICATION FRAMEWORK

Interest rates would be intimated to the customers at the time of sanction / availing of the loan. This Interest Rate Policy would also be uploaded on the website of the Company and any change in the benchmark rates and charges for existing customers would be uploaded on the website of the Company. Changes in the rates and charges for existing customers would also be communicated to them through either of mail, letter, SMS.

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## G. REVIEW OF POLICY

The Policy will undergo an annual review, with the possibility of interim reviews if changes are needed in the model, such as adding or removing components from the benchmark calculation. The Board, if necessary, has the authority to make prospective changes to the Policy at its discretion or with agreement.

## H. DISCLOSURE

The Company will ensure appropriate disclosure of this Interest Rate Policy and other required disclosures as per RBI guidelines on its website. The Company shall ensure that the information published on the website or otherwise published is be updated whenever there is a change in the rates of interest.