

# Amrit Malwa Capital Limited

## Framework for Interest Rate, Processing Fee, and Ancillary Charges

Date of Review by Board of Directors	01.04.2026
Date of Previous review by Board	01.04.2025

### Introduction

Amrit Malwa Capital Limited ("the Company") is a Non-Banking Financial Company – Base Layer (NBFC) incorporated under the Companies Act, 2013 and duly registered with the Reserve Bank of India (RBI).

The Reserve Bank of India, through its Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, has advised NBFCs to adopt an appropriate interest rate model, taking into account relevant internal and external factors, and to disclose the rate of interest, gradation of risks, and the rationale for charging different rates to different categories of borrowers. Further, the RBI Circular on Fair Lending Practice – Penal Charges in Loan Accounts dated August 18, 2023, and subsequent updates, provide guidelines to ensure reasonableness and transparency in the levy and disclosure of penalties to borrowers.

Keeping in view the above RBI directions, the Board of Amrit Malwa Capital Limited has laid down the internal guiding principles and interest rate model of the Company. This Policy shall be read in conjunction with the applicable RBI guidelines, directives, circulars, and instructions issued from time to time.

Amrit Malwa Capital Limited is committed to maintaining fair lending practices, transparency, and customer-centricity, and accordingly, this Interest Rate Policy is also made available on the Company's website — [www.amritmalwacapital.com](http://www.amritmalwacapital.com).

## 2. Organisation Structure

### 2.1 Board of Directors

The Board of Directors of Amrit Malwa Capital Limited shall have overall oversight and accountability for the Policy on Determining Interest Rates, Processing, and Other Charges ("Interest Rate Policy") of the Company. To ensure effective implementation, the Board may delegate the operational execution and monitoring of this Policy to the Managing Director, Executive Director, and/or the Asset Liability Management Committee (ALCO), as deemed appropriate. The Board shall review the implementation of this Policy at periodic intervals and ensure alignment with applicable RBI guidelines, business objectives, and risk appetite of the Company.

# **Amrit Malwa Capital Limited**

## **Framework for Interest Rate, Processing Fee, and Ancillary Charges**

### **2.2 Asset Liability Management Committee (ALCO)**

The Asset Liability Management Committee (ALCO) shall be responsible for evaluating, recommending, and approving the interest rate range within which loans shall be sanctioned to customers.

Any revision or modification in the approved range shall be duly approved by the ALCO and placed before the Board in its subsequent meeting for ratification.

Each product vertical or business segment may define its internal pricing framework within the overall parameters of the Board-approved Interest Rate Policy, for determining the spread or margin to be charged to borrowers based on various credit, business, and risk factors. Any change in the internal pricing or product-level deviation, if proposed, shall be approved jointly by the Head of Business and the ALCO, and subsequently reported to the Board for noting.

### **3. Interest Rate Model and Pricing Framework**

#### **3.1 Governance and Authorization**

The Management Committee or Director authorized by the Board shall be empowered to frame, modify, or implement any scheme for providing credit under this Policy.

The rate of interest (Flat Rate) applicable to various products shall be maintained within the prescribed limits as detailed below.

Processing fees charged to the borrower shall be included in the calculation of Internal Rate of Return (IRR) for transparency and uniformity.

#### **3.2 Pricing Philosophy**

Pricing of loans shall be determined through a balanced approach between profitability, portfolio growth, and the risk environment prevailing within the organization. The pricing model shall be system-driven, ensuring that a transparent, comprehensive, and scientific framework governs the fixation of interest rates.

The pricing model shall incorporate the following guiding elements:

- i. Parameters to be clearly and explicitly defined for pricing.
- ii. Weights to be assigned to each parameter based on which customer rating is derived.
- iii. Interest rate range to be defined in the system against respective rating band, product-wise.

Any deviation from the defined rate structure shall require approval as per the delegation of authority matrix, obtained systemically and with proper justification.

#### **3.3 Approved Interest Rate Range (Geography-wise) For Punjab**

# Amrit Malwa Capital Limited

## Framework for Interest Rate, Processing Fee, and Ancillary Charges

Product	Rate of Interest
Two Wheeler (Petrol)	22% – 30%
Two Wheeler (Electric Vehicle)	26% – 34%
E-Rickshaw	28% – 36%
Three Wheeler (Diesel / CNG)	24% – 30%

### For Himachal Pradesh

Product	Rate of Interest
Two Wheeler (Petrol)	20% – 26%
Two Wheeler (Electric Vehicle)	28% – 34%

### For Chandigarh

Product	Rate of Interest
E-Rickshaw	28% – 34%
Two Wheeler	23% – 28%

### For Uttar Pradesh / Uttarakhand / Madhya Pradesh

Product	Rate of Interest
E-Rickshaw	29% – 38%
Two Wheeler	23% – 28%

### For Rajasthan

Product	Rate of Interest
Two Wheeler	21% – 30%
E-Rickshaw	29% – 34%

# Amrit Malwa Capital Limited

## Framework for Interest Rate, Processing Fee, and Ancillary Charges

### 3.4 Margin Requirements

Category	Minimum Margin (%)
Two Wheeler	10%
Electric Vehicle	15% – 20%
Three Wheeler (CNG)	20%

### 3.5 Loan Against Property (LAP) Interest Rate

Category	Rate of Interest (Flat)
LAP	11% to 18%

#### Margin

Purpose	Margin Criteria
Purchase of built-up house	50% – 60% of market value
Repair / Renovation	50% of mortgaged property value and up to 25% of repair estimate
Purpose	Margin Criteria
LAP for personal use	50% – 60% of the value of property to be mortgaged

#### Tenor (LAP)

- Minimum Tenor: 24 months
- Maximum Tenor: 120 months

### 3.6 Discretionary Powers

- The Risk Head shall have the authority to alter the interest rate in specific cases or for specific dealers, based on risk parameters, customer behavior, or competitive considerations.
- For any interest rate revision applicable to an entire branch or product category, only the Managing Director shall be authorized to approve such changes.

# Amrit Malwa Capital Limited

## Framework for Interest Rate, Processing Fee, and Ancillary Charges

### 4. Interest Rate Pricing Methodology

#### 4.1 Interest Rate Determination Methodology

The Asset Liability Management Committee (ALCO) of Amrit Malwa Capital Limited shall, after giving due consideration to the following parameters, determine the applicable interest rate to be charged from customers across product categories and geographies.

The determination of interest rates shall be based on a holistic assessment of cost of funds, operational efficiency, credit risk, and expected returns, ensuring both competitiveness and financial prudence.

The key factors considered in determining the lending rate are as under:

##### i. Weighted Average Cost of Funds / Capital

The Company raises funds from bank term loans, financial institutions, Non-Convertible Debentures among other sources.

In addition, the Company's equity capital carries a cost which is factored in while arriving at the Weighted Average Cost of Capital (WACC).

The weighted average cost of borrowed funds, as well as costs incidental to such borrowings, is determined after considering:

- Average tenure of borrowings
- Prevailing market liquidity conditions
- Refinancing avenues and interest rate trends

The cost of raising and servicing such funds—including both debt and equity—is incorporated into the overall cost of funds used for interest rate computation.

##### ii. Negative Carry on Investments

To maintain liquidity buffers and meet regulatory liquidity requirements, the Company invests in short-term liquid instruments or funds. The interest rate model therefore factors in the negative carry arising from such investments, where the yield on liquid assets may be lower than the cost of funds.

##### iii. Operating Cost

Operating expenses include:

- Employee-related costs

# Amrit Malwa Capital Limited

## Framework for Interest Rate, Processing Fee, and Ancillary Charges

- Branch-level fixed and variable costs
- Sales, marketing, and sourcing expenses
- Technology and IT infrastructure costs
- Collection and recovery-related costs

These operating costs form a component of the pricing model to ensure sustainability and adequate coverage of administrative overheads.

### iv. ALM Mismatch Cost

The Company raises resources through both short-term and long-term borrowings. To comply with the Asset Liability Management (ALM) guidelines prescribed by the RBI, AMCL ensures that all maturity mismatches remain within tolerance limits while factoring in customer prepayments and repayment behavior. The cost of managing these mismatches (including liquidity reserves or refinancing buffers) is reflected in the final pricing.

### v. Credit / Default Risk Premium

Based on the risk gradation of each borrower, a credit risk premium is added to the base rate.

This covers:

- Borrower's credit score and repayment track record
- Value and quality of collateral
- Nature and stability of income source
- Industry trends and sectoral risks
- Geographic and demographic exposure

The credit premium is determined case-by-case and is directly linked to the borrower's overall risk profile as per the Company's risk-based pricing model.

### vi. Expected Return on Assets (ROA)

The Company aims to maintain an Expected Return on Assets (ROA) in the range of 3% to 4% under normal business conditions. This benchmark may vary depending on market dynamics, product segment, and business cycle conditions. The expected ROA ensures that the lending operations deliver adequate profitability after accounting for all associated risks and costs.

# Amrit Malwa Capital Limited

## Framework for Interest Rate, Processing Fee, and Ancillary Charges

This multi-factor approach ensures that the interest rate charged to customers is fair, risk-sensitive, transparent, and compliant with regulatory norms, while safeguarding the Company's long-term financial stability.

### 4.2 Product-Specific Amortisation and Repayment Structure

The Company may adopt product-specific repayment structures approved under its internal pricing methodology. Certain loan products may follow front-loaded amortisation, whereby the interest component in the initial instalments is higher in accordance with the approved Internal Rate of Return (IRR) computation and product design.

Such amortisation patterns shall always:

- Remain within the Board-approved pricing model,
- Reflect the same effective IRR as disclosed to the borrower,
- Be fully compliant with RBI's disclosure norms, and
- Be transparently shown in the repayment schedule shared with the borrower at sanction.

No additional or undisclosed interest shall be charged at any stage, and the effective annualised rate communicated to the customer shall remain unchanged throughout the loan tenure.

### 4.3 Modification, Rescheduling, or Restructuring of Repayment Schedule

Any modification to the repayment structure, instalment amount, moratorium, or amortisation pattern shall only be undertaken in accordance with applicable RBI guidelines and the Company's internal approval hierarchy.

Where applicable, any rescheduling or restructuring of repayment terms shall ensure that the Net Present Value (NPV) of the loan remains unchanged, unless:

- permitted under a regulatory framework, or
- expressly agreed and documented with written borrower consent.

## 5. Processing, Documentation & Other Related Charges

### i. Costs Incurred at the Time of Loan Application

Before a loan is sanctioned and disbursed, the Company incurs several preliminary costs such as customer verification, credit assessment, field checks, legal and valuation charges, etc. These expenses are recovered through the processing or

# Amrit Malwa Capital Limited

## Framework for Interest Rate, Processing Fee, and Ancillary Charges

documentation charges, which may be deducted from the disbursement or collected upfront at the time of loan approval.

All such charges are clearly mentioned in the sanction letter and loan documents. The applicable amount may vary depending on the loan type, exposure limit, customer category, or location of the borrower.

In cases where a loan is withdrawn by the customer or cancelled due to incomplete or incorrect information, the Company may recover a cancellation charge to cover the actual expenses incurred. Where such a charge is levied, no separate processing fee will be applied. If the processing fee has already been paid, it will be adjusted against the cancellation charge.

### ii. Charges During the Loan Tenure

During the loan period, the Company may apply certain service-related or transactional charges wherever applicable, such as:

- Cheque return or bounce charges
- Cheque swap or replacement charges
- Cash handling or RTGS / NEFT transfer charges
- Commitment or maintenance fees
- Any other charge communicated in the loan agreement or subsequent intimation

In addition, statutory levies such as Goods & Services Tax (GST) and other applicable cesses will be charged as per prevailing government rates. Any change in these rates shall apply prospectively.

### iii. Penal Charges

- Any amount charged for breach of key loan terms (such as delay in EMI payment or non-compliance with conditions) will be treated as a penalty or penal charge, not as additional interest.
- No interest shall be charged on penal charges, i.e., such charges will not be capitalised.
- Additional penal charges shall not be imposed on previously unpaid penalties.
- The rate and quantum of such charges will be reasonable, transparent, and non-discriminatory within each loan product category.

# Amrit Malwa Capital Limited

## Framework for Interest Rate, Processing Fee, and Ancillary Charges

- The reason and amount of each penalty shall be disclosed in the sanction letter, loan agreement, Key Fact Statement (KFS) and displayed on the Company's website.
- When reminders or default notices are issued, the corresponding penalty and reason will be clearly stated.

### iv. Charges Applicable at the Time of Loan Closure

At the time of pre-closure or foreclosure of a loan, applicable charges will be levied as per RBI directions. This may include prepayment charges, repossession expenses, legal fees, and recovery-related costs in cases of overdue or defaulted accounts.

All such amounts shall be levied only as per the terms of the executed loan agreement and duly informed to the borrower.

### v. Third-Party and Ancillary Charges

Any third-party service fees recovered by the Company (for insurance, legal verification, technical valuation, etc.) on an actual basis will form part of the Annual Percentage Rate (APR) as per regulatory norms.

The APR reflects the total annual cost of credit to the customer, including the interest rate and all other related fees. The Company shall ensure:

- Separate disclosure of such charges in the sanction letter / KFS; and
- Providing receipts and supporting documents for each payment made to external parties within a reasonable period.

### vi. Key Fact Statement (KFS) and Transparency

The Company shall ensure that no charge, fee, or penalty not mentioned in the KFS is recovered from the borrower at any stage, unless the borrower has given explicit consent in writing or digitally.

The KFS shall be presented in clear, simple language outlining all key financial details to enhance customer understanding and ensure transparency.

### vii. Approval and Review Mechanism

All charges and subsequent revisions will be reviewed and approved by the Executive Committee of Management, either through the respective product manual or via a separate internal circular.

# Amrit Malwa Capital Limited

## Framework for Interest Rate, Processing Fee, and Ancillary Charges

Every such change shall be placed before the Board of Directors in the next meeting for ratification and record.

### 6. Borrower Risk Profiling Framework

To ensure scientific, transparent, and risk-aligned pricing, the Company adopts a structured Borrower Risk Profiling methodology. The borrower's risk profile is assessed based on quantitative and qualitative parameters, which directly influence the interest rate, credit premium, and applicable charges.

**6.1 Key Components of Borrower Risk Profile:** a) Credit Bureau Score & Repayment Behaviour b) Income Stability & Capacity Analysis c) Collateral Value & Quality (for secured loans) d) Customer Demographics & Geography e) Banking Behaviour f) Operational & Fraud Risk Indicators

### 6.2 Risk Classification

Borrowers shall be internally classified into: a) Low Risk b) Medium Risk c) High Risk  
Each risk band will have a corresponding interest rate range approved by ALCO.

### 6.3 Impact on Pricing

The borrower's risk profile influences:

- Credit risk premium added to the base rate
- Margin requirements
- Deviation approvals required for rate changes
- Eligibility for promotional or lower-rate products

This Interest Rate Policy shall be read in conjunction with the Company's Fair Practices Code (FPC) as mandated by the Reserve Bank of India. All lending decisions, pricing practices, and customer dealings under this Policy adhere to principles of fairness, transparency, and non-discrimination.

### 7. Fair Lending Practices and Customer Protection

The Company commits to: a) Clear disclosure of interest rates, penal charges, fees, and APR. b) No hidden charges at any stage. c) Transparent communication of changes in charges or terms. d) Fair treatment of customers across risk categories. e) Compliance with RBI Fair Lending Practices guidelines (Aug 18, 2023 and updates)

# **Amrit Malwa Capital Limited**

## **Framework for Interest Rate, Processing Fee, and Ancillary Charges**

### **8. Policy Validity and Severability**

This Policy, read in conjunction with the relevant Reserve Bank of India (RBI) Master Directions, Guidelines, and Circulars, constitutes the complete framework governing the determination of interest rates, processing charges, and other related fees of Amrit Malwa Capital Limited (the Company).

In the event that any term, clause, or provision of this Policy is found to be inconsistent with, or in contravention of, any applicable law, rule, regulation, or directive issued by a statutory or regulatory authority, such term or provision shall be deemed severable and rendered ineffective to that extent only, without affecting the validity, enforceability, or continuity of the remaining provisions of this Policy.

Further, in the event of any modification, clarification, or issuance of new guidelines by the Reserve Bank of India or any other competent authority that are not yet incorporated in this Policy, the regulatory provisions shall prevail and shall be deemed automatically applicable until this Policy is formally revised and approved by the Board.

### **9. Amendment**

Any change in the policy shall be approved by the Board of Directors of the Company. Any amendment in the regulatory guidelines shall prevail and necessary amendment shall be carried out at a subsequent date in the policy. The Board of Directors of the Company shall have the right to withdraw and / or amend any part of this policy or the entire policy, at any time, as it deems fit, or from time to time, subject to applicable law in force.

Reviewed and approved by Board of Directors on 01.04.2026

**Sd/-**

**For Amrit Malwa Capital Limited**

*Since 1987*