

AMBIUM FINSERVE LIMITED
(Formerly known as Ambium Finserve Private Limited)

Interest Rate Policy

Version 2

Document Versioning

Name of the document	Interest Rate Policy
Issuing Authority	Board of Directors
Effective date of the Policy	27 September 2023
Policy Owner	Chief Compliance Officer
Last reviewed on	29 th May 2025
Next review date	27 th May 2026, if required

Version History

Version	Revision Summary	Approving Authority	Effective Date
1	Original	Board of Directors	27 September 2023
2	Version 1	Board of Directors	3rd January 2024
3	Version 2	Board of Directors	29 th May 2025

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SECTION I: BACKGROUND AND OBJECTIVE

- 1.1. Ambium Finserve Limited (Formerly Ambium Finserve Private Limited) (the “Company”), is a Non-Banking Financial Company (“NBFC”)-ICC-Base Layer. The Company currently offers the Term Loan/NCD funding to Financial Institutions.
- 1.2. In compliance with paragraph 45.11.1 of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (the “Scale Based Regulations”) issued by the Reserve Bank of India (“RBI”), the Company is required to formulate a Board approved interest rate model to determine the rate of interest to be charged to borrowers.
- 1.3. The objective of this Interest Rate Policy (“Policy”) is to lay down the interest rate model of the Company outlining the various components of the interest rate model of the Company, as required in the Scale Based Regulations and other charges for different borrower segments and to arrive at the final rates charged to borrowers.

SECTION II: INTEREST RATE MODEL

- 2.1 Types of Interest Rates: the Company offers borrowers a fixed rate of interest and will be charged on reducing balance method.
- 2.2 The interest rate offered to borrowers shall take into account the following component:

Cost of Funds / Weighted Average Borrowing Rate (“WABR”)	The Company raises funds through Term Loans, Non-Convertible Debentures, etc. from various investors. The WABR of raising such funds is considered for this component. This component is calculated as the weighted average rate of interest payable on all outstanding borrowings of the Company.
Negative Carry	The Company keeps a liquidity buffer in the form of investments into liquid funds/NCDs to manage liquidity risk.
Operating Costs	All operating costs associated with providing the Loan Products, including: Sourcing costs, borrower onboarding costs, debt management costs, employee expenses, tech costs, etc.
Tenor Premium	This cost arises from loan commitments with longer tenor.
Credit Risk Premium	The risk premium applicable to the borrower / facility is based on the following factors: (i) Industry risk a. Asset quality, profitability, earning and funding volatility, competition, regulatory impact etc of the borrower’s industry (ii) Business Risk a. Asset quality, market position, resource profile etc of the borrower (iii) Management Risk a. Corporate governance, integrity and competence of the promoters, track record of the management team, composition of the board etc. (iv) Financial Risk a. Capital Structure, Profitability, Liquidity etc of the borrower

	(v) Product Premium a. Depends on nature and risk associate with the product (vi) Strength of the security/ collateral The range of Risk Premium will normally remain within range of 0%-10%, depending upon the above factors. The management shall decide on the interest rate on the products of Company, in line with this Policy.
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SECTION III: OTHER FEES AND CHARGES

3.1 Processing Fees: All processing / documentation and other charges recovered are expressly stated in the Loan Agreement/Sanction. The processing charges takes into account loan amount financed, asset financed, borrower segment and generally represent the cost incurred in processing and onboarding a borrower. This is usually mentioned as a fixed amount and for clarity may be mentioned in the sanction letter as % of the total loan amount. The processing fee as a % of the loan amount can range between 0-2%.

3.2 Penal Charges: Penal charges refer to the amounts charged to the end borrowers for: i) Non-payment of any amount due and payable pursuant to the loan documents, on the relevant due date; and/or ii) Non-compliance of any terms of loan documents, including but not limited to breach of any covenant / undertaking / representation / warranty/ security creation etc; and/or iii) Any other event of default (howsoever described in the loan documents & sanction letter). These penal charges can be charged either based on – i) on the number of days, the amount is in overdue / period of default and on an amount capped at amount under default; and/or ii) on a per instance basis.

Penal charges shall be separate from normal interest and shall be charged on principal and interest overdue (amount under overdue). Will be levied in the form of penal charges at upto 5% (five percent) per annum on the amount under overdue, for such period of default.

Non-compliance of any terms of loan documents, including but not limited to breach of any covenant / undertaking / representation / warranty/ security creation etc; and/or any other event of default (howsoever described in the loan documents & sanction letter) will be levied upto 5% p.a. on principal outstanding for such period of non-compliance or any fixed amount per day basis.

3.3 Prepayment Penalty: Prepayment penalty charges are upto 5% of outstanding amount.