AJIVIKA FINANCE LIMITED

RBI REGISTERED NBFC

RBI CERTIFICATE OF REGISTRATION NO. B-12.00476

INTEREST RATE AND PENAL CHARGES POLICY

Issue and Effective Date: 1st October 2026

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PART A — THE COMPANY, THE POLICY AND ITS APPLICATION

1. The Company

1.1 Ajivika Finance Limited (the "Company") is a non-deposit taking Non-Banking Financial Company, holding a Certificate of Registration (No. B-12.00476) issued by the Reserve Bank of India under section 45-IA of the Reserve Bank of India Act, 1934, and is classified in the Base Layer (NBFC-BL) under the framework for Scale Based Regulation.

1.2 The Company lends to individuals and to business entities. The products to which this Policy applies are the Micro Enterprise Loan (MEL), the SME Loan, the Business Loan, the Personal Loan, and the Short Term Personal Loan of a tenure not exceeding 90 days repayable in a single Equated Periodic Instalment or in multiple Equated Monthly Instalments.

1.3 In the case of the Micro Enterprise Loan, the SME Loan, the Business Loan and the Personal Loan, sourcing ordinarily involves face-to-face interaction with the borrower, while credit assessment, approval, communication of the offer, execution of the loan documents, disbursement and servicing are carried out through the Company's software. The Short Term Personal Loan is originated, disbursed and serviced wholly digitally, without face-to-face interaction at any stage.

1.4 The Company does not rely on that distinction to limit the application of any regulatory requirement. The Reserve Bank of India (Digital Lending) Directions, 2025, and every other Direction referred to in clause 2.1, are treated by the Company as applicable to all of its products, irrespective of the degree of face-to-face interaction involved in sourcing any of them, and this Policy is to be read and applied on that footing.

1.5 This Policy applies to every credit facility of the Company, whether presently offered or introduced hereafter, to every channel through which a facility is sourced, and to every employee, Direct Selling Agent, Lending Service Provider and other person acting for the Company.

2. Status and Purpose of this Policy

2.1 This Policy is framed under the Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025, read with the Reserve Bank of India (Non-Banking Financial Companies – Credit Facilities) Directions, 2025, the Reserve Bank of India (Digital Lending) Directions, 2025 and the Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025, each as amended.

2.2 Those Directions require the Board of Directors to lay down an interest rate model taking into account the cost of funds, the margin and the risk premium; to determine the rate of interest and other charges by reference to a gradation of risk; to ensure that the rate charged is not excessive; and to disclose the rate of interest, the approach to the gradation of risk and the rationale for charging different rates to different categories of borrower in the application form, in the sanction letter, in the Key Facts Statement and on the Company's website.

2.3 The purpose of this Policy is to give effect to those requirements, to record the components from which every rate charged by the Company is built, and to fix the bands within which, and the discipline by which, a rate may be applied to an individual borrower.

2.4 Where any matter dealt with in this Policy is also dealt with in the Fair Practice Code, the Fair Practice Code prevails. This Policy is to be read with the Credit Policy and the Policy on Digital Lending.

2.5 No rate of interest, and no charge of any description, shall be applied to any borrower otherwise than in accordance with this Policy. A rate outside the bands at clause 5 requires a prior amendment to this Policy approved by the Board.

PART B — THE INTEREST RATE MODEL

3. Components of the Rate

3.1 The pricing of a facility is built from the following components, each of which is separately estimated, reviewed at least half-yearly and documented. Pricing is assessed on the total of the interest and the processing fee recovered on a facility, and not on the rate of interest alone.

Component	What it covers
Cost of funds	The weighted average cost of the Company's borrowings and of the owned funds deployed in the lending book, including the cost of maintaining undrawn lines and liquidity.
Operating cost	Customer acquisition and marketing, onboarding and verification, technology and information security, fraud detection, servicing, collections, compliance, audit, grievance redressal, establishment and management overheads.
Expected credit loss	The loss the Company expects to bear on the product, estimated from its own portfolio experience and, where the experience is short, from the experience of comparable portfolios, and reviewed against actual outcomes.
Capital charge	A return on the regulatory capital that the Company is required to hold against the asset.
Margin	The residual return to the Company after each of the above, which must be within the band approved under clause 3.3.

3.2 The build-up for each product shall be prepared in the format at Appendix II and placed before the Board at least annually, and earlier on any material change in the cost of funds or in the observed credit loss.

3.3 **Approved margin band.** The Board has approved, for the Short Term Personal Loan, a target margin before tax of 2% to 6% of the principal for each loan cycle, measured on the total of the interest and the processing fee recovered, after all the costs at clause 3.1. Where the margin actually realised on the product exceeds that band at two consecutive half-yearly reviews, the rate grid at Appendix I, or the processing fee, or both, shall be revised downward at the second of those reviews. The Board shall record the revision, or its reasons for concluding that the excess is not structural.

4. Gradation of Risk

4.1 The rate applied to an individual borrower within the band approved for the product shall be determined by reference to the following, and to no other consideration:

(a) the product, the sanctioned amount and the tenure;
(b) the borrower segment, being salaried, self-employed professional, self-employed non-professional or business entity;
(c) assessed income, obligations and the fixed obligation to income ratio;
(d) the credit information report, the score and the repayment history;
(e) banking conduct and cash flow stability;
(f) whether the borrower is a first-time or a repeat borrower of the Company and the conduct of any earlier facility;

(g) the sourcing channel and the verification depth applied to it;
(h) fraud and device intelligence signals;
(i) the availability of security or a guarantee, where any is taken; and
(j) geography, to the extent it bears on collection cost and recovery experience.

4.2 A rate shall not be applied merely because it falls within the approved band. The gradation relied upon, and the reason for the rate applied, shall be recorded on the credit file of every borrower and shall be capable of being reproduced on demand.

4.3 Two borrowers of the same product presenting the same risk shall not be charged different rates. The Company shall test for this at least half-yearly by examining the distribution of rates applied within each product and band, and shall place the result before the Board.

4.4 No rate shall be determined by reference to the sourcing partner's commercial interest, to the incentive payable to any employee or agent, or to any consideration extraneous to the risk of the facility.

5. Approved Rate Bands

5.1 The Board has approved the following bands. Each rate is the rate of interest alone and is exclusive of the processing fee and of the goods and services tax payable on it.

Product	Tenure	Rate of interest
Micro Enterprise Loan (MEL)	As sanctioned	18% to 48% per annum
SME Loan	As sanctioned	18% to 48% per annum
Business Loan	As sanctioned	18% to 48% per annum
Personal Loan	As sanctioned	18% to 48% per annum
Short Term Personal Loan	Up to 90 days	Up to 1.00% per day

5.2 The rate stated for the Short Term Personal Loan is a ceiling and not a uniform rate. The daily rate actually applicable steps down as the sanctioned amount and the tenure rise, in accordance with the grid at Appendix I, which forms part of this Policy. The basis on which that grid is constructed is set out in Part C.

5.3 The rate applicable to a Short Term Personal Loan is fixed for the tenure of the facility and shall not be varied during its currency in any circumstances.

5.4 The processing fee approved by the Board for each product is stated in Appendix I. The processing fee is part of the price of the facility and is taken into account in the build-up at Appendix II and in the margin band at clause 3.3.

6. Method of Computation, Charges and Disclosure

6.1 Interest on Micro Enterprise Loan, SME Loan, Business Loan and Personal Loan facilities shall be computed on a reducing balance basis. No flat rate shall be quoted, applied or advertised for any product.

6.2 Where the Short Term Personal Loan is repaid in a single instalment, the entire principal remains outstanding throughout the tenure. Simple interest is accordingly computed on the full principal for the actual number of days the loan is outstanding, which is the reducing balance of that facility. Where it is repaid in multiple Equated Monthly Instalments, interest is computed on the principal

outstanding from time to time, for the actual number of days for which it is outstanding. In either case interest shall be recovered only for the days for which the loan was actually outstanding.

6.3 A borrower may pre-pay in full at any time before the due date without charge. Where interest has been collected in advance, the excess shall be refunded within seven days of pre-payment.

6.4 The processing fee and every other charge shall be approved by the Board, shall be disclosed in figures before the loan contract is executed, and shall not exceed the amounts stated in Appendix I. A charge not disclosed in the Key Facts Statement is not recoverable at any stage.

7. Position on and after the Due Date

7.1 **Suspension of interest.** On and from the due date, interest at the contracted rate shall cease to accrue on the facility. No interest shall be computed in respect of any day falling on or after the due date.

7.2 **Penal charge.** In place of interest, a penal charge shall apply at the rate stated in Appendix I, computed on the amount that has fallen due and remains unpaid, for each day for which it remains unpaid.

7.3 Interest and the penal charge shall not run simultaneously. A borrower shall in no case bear both interest and a penal charge in respect of the same day. The penal charge substitutes for the interest that would otherwise have accrued and is not additional to it.

7.4 The penal charge is a charge and not a component of the rate of interest. It shall not be capitalised, and no interest shall be computed upon it or upon any amount of accrued interest. It shall be levied uniformly within a product category, and in the case of an individual borrower who has borrowed for a purpose other than business it shall not be higher than the charge applicable to a non-individual borrower for a similar non-compliance.

7.5 **Ceiling.** The penal charge shall cease to accrue once the aggregate of the interest, the processing fee and all other charges recovered or recoverable on the facility reaches the limit at clause 14.1(a). Thereafter no further amount of any description shall be levied on the facility, and the Company's recourse is limited to recovery of the amount then outstanding.

7.6 The position in this clause shall be recorded in the loan agreement, in the Key Facts Statement and on the Company's website. Every reminder issued to a borrower after the due date shall state, in terms, that interest has been suspended and that the amount accruing is a penal charge at the stated rate, together with the total amount then payable.

7.7 The Company shall satisfy itself at each half-yearly review that the penal charge, as levied, remains reasonable and commensurate with the non-compliance for which it is levied, and shall place that assessment before the Board.

8. Annualised Rate and Annual Percentage Rate

8.1 Every rate shall be communicated to the borrower as an annualised rate as well as, in the case of the Short Term Personal Loan, a daily rate. A rate of 1.00% per day corresponds to an annualised simple rate of 365%.

8.2 The Key Facts Statement shall in addition disclose the all-inclusive Annual Percentage Rate, computed on the amount actually received by the borrower and taking the processing fee into account. In a product of this tenure the processing fee is a substantial component of the annualised cost, and the Annual Percentage Rate is materially higher than the annualised rate of interest. The Annual

Percentage Rate shall be stated in the Key Facts Statement in figures before the contract is executed, and the borrower shall not be left to infer it from the daily rate.

8.3 The Key Facts Statement shall also state the penal charge that will apply after the due date, and that interest will stand suspended from that date.

PART C — SHORT TERM PERSONAL LOAN: BASIS OF THE PRICING

This Part records the reasoning on which the Board has approved a price of up to 1.00% per day together with a processing fee for the Short Term Personal Loan. It is placed in the Policy, and not in a separate note, so that the basis of the price is available to the Board, to the statutory auditor and to the Reserve Bank of India without further enquiry.

9. The Product

9.1 The Short Term Personal Loan is an unsecured facility of a small ticket, of a tenure not exceeding 90 days, repayable in a single Equated Periodic Instalment of principal and interest on the due date, or in multiple Equated Monthly Instalments of principal and interest on the respective due dates. It is extended principally to salaried individuals and to self-employed persons seeking to meet a short, identified requirement between income cycles.

9.2 The facility is originated and serviced wholly digitally. It carries no security, no guarantee and no recourse other than to the borrower. It is ordinarily extended to a borrower with whom the Company has no prior relationship, on the strength of an assessment completed within minutes and without any face-to-face interaction.

10. Why the Price is Expressed Per Day

10.1 A facility of 20 or 40 or 75 days does not lend itself to a monthly or annual rate, and a borrower comparing two such offers is assisted by a figure expressed in the unit in which the facility is actually priced. The Company therefore quotes a daily rate, and discloses alongside it the annualised rate and the Annual Percentage Rate in figures, so that the borrower has both the figure that governs the contract and the figure that permits comparison with a longer facility.

10.2 The Company recognises that an annualised figure derived from a daily rate is arithmetically correct but economically misleading if read as the cost of a year's credit, because the facility does not run for a year and is not permitted to be rolled over. Clause 14 records the safeguards that keep that so.

11. The Cost Structure of a Short Tenure, Small Ticket, Unsecured Loan

11.1 The determining feature of this product is that the greater part of its cost is incurred once, per loan, before a rupee of interest accrues, and does not vary with the tenure or with the amount lent. A loan of Rs. 10,000 for 30 days consumes very nearly the same acquisition, verification, technology and compliance resource as a loan of Rs. 2,00,000 for three years. Those costs cannot be spread over years; they must be recovered within weeks.

11.2 The principal heads are these.

(a) **Customer acquisition and marketing.** The Company competes for the borrower in a digital marketplace in which the cost is paid per impression, per click or per lead, and in which only a fraction of leads convert into a funded loan. The cost of every unconverted lead is borne by the loans that are funded. In a first-time, small ticket, wholly digital segment this is the single largest cost of the product, and it is incurred before the Company knows whether the applicant is creditworthy.

(b) **Customer onboarding.** Identification and verification of a borrower met only through an application — electronic or video-based customer identification, document authentication, liveness and face match, bank statement analysis, credit information reports, income assessment, electronic execution of documents and registration of the repayment mandate — carries a per-application cost payable to external providers, incurred on every application including those declined.
(c) **Information security and fraud detection.** A wholly digital, instant-decision product is a standing target for identity fraud, synthetic applications, device farming and first-payment default rings. The Company maintains device intelligence, velocity and anomaly detection, geolocation and behavioural checks, secure hosting within India, encryption, access control, vulnerability assessment and penetration testing, and continuous monitoring. These are fixed and recurring, and their cost per loan is highest when the ticket is smallest.
(d) **Compliance and governance.** Know Your Customer and anti-money laundering screening, reporting to credit information companies at the prescribed intervals, supervisory returns, the Key Facts Statement and disclosure machinery, grievance redressal, internal audit, statutory audit, and the Board and management time that a regulated lender must devote to all of it. These costs are substantially fixed and, for a lender whose average ticket is small, are heavy relative to each loan.
(e) **Servicing and collections.** Customer support through the currency of a short facility, reminders before and on the due date, mandate presentation, and follow-up conducted in conformity with the Fair Practice Code and the Code of Conduct for collections personnel. A 30 day loan requires the same establishment of a collections function as a three year loan, and calls upon it sooner.
(f) **Expected credit loss.** The facility is unsecured, of short tenure, wholly digitally originated, and frequently extended to a borrower with no prior relationship with the Company. There is no security to realise and little time in which to cure a default. Loss rates in this segment are materially higher than in secured or longer tenure lending, and the loss falls on the loans that perform.
(g) **Cost of funds and capital.** Although small as a proportion of the total cost on a 30 day facility, the Company must fund the asset and must hold regulatory capital against it.
(h) **Establishment and overheads.** Technology, people, premises and management, which a lender of this description must carry irrespective of the number of loans written in any month.

12. The Price Build-up

12.1 The following illustration applies the components at clause 3 to a representative facility of Rs. 10,000 for 30 days, priced at 1.00% per day together with the processing fee at Appendix I. The price is tested on the total of the interest and the processing fee, because both are recovered from the borrower and both form part of what the facility costs him. The figures are indicative and are to be replaced at each review by the Company's actual costs; the purpose of the illustration is to show the structure of the price, not to fix the amounts.

Component	Amount (Rs.)	% of principal	Basis
REVENUE			
Interest at 1.00% per day for 30 days	3,000.00	30.00%	Simple, on the principal
Processing fee	1,000.00	10.00%	10% of the sanctioned amount
Total recovered from the borrower	4,000.00	40.00%	Exclusive of GST on the fee
COST			
Cost of funds	131.51	1.32%	16% per annum for 30 days

Component	Amount (Rs.)	% of principal	Basis
Customer acquisition and marketing	1,200.00	12.00%	Per funded loan
Onboarding, verification and documentation	280.00	2.80%	Per application funded
Information security and fraud detection	180.00	1.80%	Allocated per loan
Compliance, audit and grievance redressal	180.00	1.80%	Allocated per loan
Servicing and collections	400.00	4.00%	Allocated per loan
Expected credit loss	700.00	7.00%	7% of principal
Establishment and overheads	400.00	4.00%	Allocated per loan
Total cost	3,471.51	34.72%	
Margin before tax	528.49	5.28%	Within the band at clause 3.3

12.2 The margin the Company retains on this illustration is 5.28% of the principal for a 30 day cycle, which falls within the band of 2% to 6% approved by the Board at clause 3.3. It is the smallness of the ticket and the shortness of the tenure, and not the level of the margin, that produces a price of this order.

12.3 The illustration also shows what the price is not. Of the 40% of principal recovered from the borrower, approximately 26.4 percentage points are consumed by operating costs — acquisition, onboarding, technology, fraud control, compliance, servicing and overheads — and a further 7 points by expected credit loss. Only 1.32 points are the cost of the money itself. A material reduction in the price is therefore achievable only by reducing the operating cost, and the Company shall report to the Board at each review on what it has done to reduce it and on the effect of that reduction on the price charged.

12.4 The processing fee is not a separate source of profit. It recovers, in substantial part, the acquisition and onboarding cost incurred before the loan is made. It is for that reason included in the revenue line of this build-up and in the margin band at clause 3.3, and it may not be increased without the build-up being reworked and placed before the Board.

13. Why 1.00% Per Day is a Ceiling and Not a Uniform Rate

13.1 The costs described at clause 11 are, in the main, fixed per loan. It follows that they fall sharply as a proportion of the principal when the ticket rises, and that the interest recovered rises in direct proportion to the tenure while those costs do not. A price that is justified on the smallest ticket and the shortest tenure is therefore not justified across the product.

13.2 The point may be tested on the same cost assumptions. On a facility of Rs. 1,00,000 for 90 days the total cost, computed exactly as in the table at clause 12, is approximately Rs. 15,585, being 15.59% of the principal. Interest at 1.00% per day for 90 days would be Rs. 90,000 and the processing fee at 10% would be Rs. 10,000, a total of Rs. 1,00,000 recovered on a loan of Rs. 1,00,000, leaving a margin of approximately Rs. 84,415. That is not a price the Company could defend, and it is not a price the Company charges.

13.3 Accordingly the Board has approved the stepped grid at Appendix I, under which the daily rate reduces as the sanctioned amount and the tenure rise, so that the margin retained remains within

the band at clause 3.3 across the product. The rate of 1.00% per day applies only to the smallest ticket band and the shortest tenure band, and in no case shall any rate exceed 1.00% per day.

14. Safeguards

14.1 The price approved in this Part is approved together with the following safeguards, which are conditions of it. A departure from any of them requires the price to be placed before the Board afresh.

(a) **Total cost cap.** The total of interest, the processing fee, the penal charge and all other amounts recovered on a Short Term Personal Loan shall not in any case exceed the principal sanctioned. The penal charge ceases on that limit being reached (clause 7.5).
(b) No facility shall be rolled over, renewed or refinanced so as to extend the effective tenure beyond 90 days, and a fresh facility shall not be sanctioned to discharge an existing one. Evergreening of a short tenure facility converts a defensible price into an indefensible one.
(c) A borrower shall not hold more than one Short Term Personal Loan of the Company at a time.
(d) Neither interest nor the penal charge shall be capitalised at any stage.
(e) The cooling-off period prescribed by the Policy on Digital Lending shall apply, and exit during that period shall be at the proportionate Annual Percentage Rate and without penalty.
(f) Pre-payment shall be permitted at any time without charge, with interest recovered only for the days outstanding.
(g) No rate above 1.00% per day shall be charged in any circumstance, and no charge shall be introduced that has the effect of taking the total cost above the limit at (a).
(h) The Company shall monitor and report to the Board the proportion of borrowers who repay late, the proportion who take a further facility within 30 days of closure, and the complaints received on pricing, as indicators that the product is being used as intended and not as a substitute for a longer facility the borrower cannot service.

15. Assurance to be Recorded by the Board

15.1 The Directions require that the rate charged be not excessive. The Board shall record, at each annual review, that the price is supported by the build-up at Appendix II; that the margin retained is within the band at clause 3.3; that the gradation has been applied and tested; that the weighted average lending rate and the spread over the cost of funds are within the range approved; that the total cost cap, the suspension of interest after the due date and the anti-rollover safeguards have been observed; and that the pricing of the Company has been compared with that of comparable lenders in the same segment.

15.2 The Board notes, and records, that a price of this order attracts supervisory attention. The Company's protection is not the arithmetic of the annualised figure but the evidence behind it — the build-up, the margin band, the gradation, the safeguards and the conduct of the portfolio. Those are to be maintained in a state in which they can be produced to the Reserve Bank of India at short notice.

PART D — GOVERNANCE, DISCLOSURE AND REVIEW

16. Approval and Authority

16.1 The bands at clause 5 and the grid at Appendix I are approved by the Board. Within them, the authority to fix the rate applicable to an individual facility is exercised in accordance with the delegation of powers recorded in the Credit Policy.

16.2 No employee, Direct Selling Agent or Lending Service Provider has authority to offer, quote or represent a rate outside the approved bands, or a charge not approved by the Board.

16.3 No incentive payable to an employee or to an agent shall be structured by reference to the rate charged to a borrower.

17. Communication to the Borrower

17.1 The rate of interest, the processing fee, the approach to the gradation of risk, and the rationale for charging different rates to different categories of borrower shall be disclosed in the loan application form and communicated explicitly in the sanction letter and in the Key Facts Statement.

17.2 The Key Facts Statement shall state, before the loan contract is executed: the sanctioned amount; the processing fee and the goods and services tax on it; the net amount that will reach the borrower's bank account; the rate of interest per day and annualised; the total interest payable; the total amount repayable; the due date; the all-inclusive Annual Percentage Rate in figures; the suspension of interest on and after the due date and the penal charge that applies in its place; the total cost cap; the cooling-off period; the recovery mechanism; and the grievance redressal particulars.

17.3 Communications shall be in English or in a language understood by the borrower, at the borrower's option.

18. Website Disclosure

18.1 The Company shall publish on its website, and keep current, the rate bands for each product, the processing fee, the approach to the gradation of risk, the penal charge and the suspension of interest after the due date, and the annualised rate corresponding to each daily rate quoted. The disclosure shall be reachable from the home page in not more than two clicks and shall carry the date on which it was last updated.

19. Records and Management Information

19.1 The following shall be placed before the Board at least half-yearly: the weighted average lending rate for each product; the spread over the cost of funds; the distribution of rates applied within each band; the yield, credit loss and margin actually realised on the Short Term Personal Loan against the build-up at Appendix II and the band at clause 3.3; the number of accounts on which the penal charge was levied and the amount so levied; the number of accounts on which the total cost cap was reached; the observance of the safeguards at clause 14; and every complaint received on pricing, with its disposal.

19.2 The reason for the rate applied to each borrower shall be recorded on the credit file and retained for the period prescribed by the Company's record retention policy.

20. Review and Amendment

20.1 This Policy shall be placed before and reviewed by the Board at least once in every financial year, and earlier upon any amendment to the applicable Directions, any material change in the cost of funds or in the observed credit loss, any change in the product parameters, or the introduction of a new product.

20.2 Before this Policy is placed before the Board, the officer responsible for compliance shall verify the current consolidated text of the applicable Directions on the website of the Reserve Bank of India and shall report any provision then in force which is not reflected in it.

APPENDIX I

Approved Rate Grid and Charges — Short Term Personal Loan (up to 90 days, single Equated Periodic Instalment or multiple Equated Monthly Instalments)

Rates are per day, applied as simple interest on the principal for the number of days outstanding up to the due date. The cell applicable to a facility is determined by the sanctioned amount and the sanctioned tenure. No rate above the cell rate may be applied; a rate below it may be applied where the gradation at clause 4 so warrants.

Sanctioned amount	Up to 30 days	31 to 60 days	61 to 90 days
Up to Rs. 50,000	1.00% per day	0.90% per day	0.35% per day
Rs. 50,001 to Rs. 75,000	0.90% per day	0.70% per day	0.30% per day
Rs. 75,001 to Rs. 1,00,000	0.45% per day	0.30% per day	0.15% per day
Above Rs. 1,00,000	0.30% per day	0.15% per day	0.10% per day

Charge	Approved position
Processing fee	10% of the sanctioned amount, exclusive of the goods and services tax. Recovered by deduction from the disbursement, the deduction and the resulting net amount being stated in figures in the sanction letter and the Key Facts Statement.
Interest after the due date	Nil. Interest at the contracted rate ceases to accrue on and from the due date (clause 7.1).
Penal charge	1.00% per day of the amount overdue, applying on and from the due date in place of interest, which stands suspended from that date. Levied as a charge and not as a component of the rate of interest. Not capitalised. Ceases on the total cost cap being reached.
Any other charge	Nil, unless approved by the Board and disclosed in the Key Facts Statement.
Total cost cap	The aggregate of interest, the processing fee, the penal charge and every other amount recovered on a facility shall not exceed the principal sanctioned (clause 14.1(a)).

Worked position on a facility of Rs. 10,000 for 30 days: processing fee Rs. 1,000 and interest Rs. 3,000, a total of Rs. 4,000 recovered at maturity. On default, the penal charge accrues at Rs. 100 a day in place of interest, and ceases when the aggregate recovered reaches Rs. 10,000, which occurs on the sixtieth day after the due date. No amount of any description accrues thereafter.

APPENDIX II

Price Build-up Worksheet

To be completed for each product at every review, from the Company's own cost records and portfolio experience, and placed before the Board with this Policy. Revenue is taken as the total of the interest and the processing fee. The figures below are the indicative figures used in Part C for the Short Term Personal Loan and are to be replaced by actuals.

Line	Basis	Assumption	Per loan (Rs.)	% of principal
A. REVENUE				
Interest	30 days	1.00% per day	3,000.00	30.00%
Processing fee	One time	10% of principal	1,000.00	10.00%
Total revenue			4,000.00	40.00%
B. COST				
Cost of funds	Weighted average	16% p.a.	131.51	1.32%
Customer acquisition and marketing	Per funded loan	[●]	1,200.00	12.00%
Onboarding and verification	Per application	[●]	280.00	2.80%
Information security and fraud	Allocated	[●]	180.00	1.80%
Compliance, audit, grievance	Allocated	[●]	180.00	1.80%
Servicing and collections	Allocated	[●]	400.00	4.00%
Expected credit loss	Portfolio experience	7% of principal	700.00	7.00%
Establishment and overheads	Allocated	[●]	400.00	4.00%
Total cost			3,471.51	34.72%
C. MARGIN BEFORE TAX (A less B)			528.49	5.28%
Board approved margin band (clause 3.3)				2% to 6%

Illustration base: principal Rs. 10,000, tenure 30 days, single Equated Periodic Instalment, priced at the top cell of the grid at Appendix I.

Where the margin realised on the product exceeds the band at clause 3.3 at two consecutive half-yearly reviews, the grid at Appendix I or the processing fee, or both, shall be revised downward at the second of those reviews.

Certified that this Policy was approved by the Board of Directors of Ajivika Finance Limited and is effective from 1st October 2026.

For Ajivika Finance Limited
Kamal Kant Dang | Director | DIN: 00096385