



INTEREST RATE AND CHARGES POLICY

B B Banthia Finance Pvt Ltd
Compliance Department

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| Department | Compliance Department |
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| Prepared By | Compliance Team |
| Reviewed By | Risk Team |
| Approved By | Board of Directors, BFPL |
| Date of Approval | 31 March 2026 |
| Next Review Date | 31 March 2027 |
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INTEREST RATE AND CHARGES POLICY

Compliance Department | B B Banthia Finance Pvt Ltd

1. INTRODUCTION

B B Banthia Finance Pvt Ltd (hereinafter referred to as "BFPL" or "the Company") is a Non-Banking Financial Company registered with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934. The Company is primarily engaged in the business of lending against pledge of gold jewellery and also extends other loan products including personal loans and business loans to select borrowers.

This Interest Rate and Charges Policy ("Policy") has been formulated in compliance with the following RBI guidelines and directions:

- RBI Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023
- RBI Guidelines on Fair Practices Code for NBFCs
- RBI Circular on Penal Charges in Loan Accounts dated 18 August 2023 (effective 1 April 2024)
- RBI Circular on Key Facts Statement (KFS) for Loans and Advances dated 15 April 2024
- Reserve Bank of India (Lending Against Gold and Silver Collateral) Directions, 2025
- All other applicable RBI guidelines and circulars issued from time to time

This Policy lays down the guiding principles and framework for determining interest rates, fees, and charges applicable to all loan products of the Company. It supersedes the earlier Policy on Interest Rate Fixation approved by the Board of Directors and is effective from 1 April 2026.

2. OBJECTIVES

The objectives of this Policy are to:

- Establish a transparent and Board-approved framework for determining interest rates on all loan products
- Ensure that interest rates charged to borrowers are fair, reasonable, and not excessive
- Provide a clear basis for gradation of risk and differential pricing across loan schemes and products
- Ensure full disclosure of all rates, fees, and charges to borrowers upfront in the KFS and Sanction Letter
- Ensure compliance with all applicable RBI guidelines on interest rate determination and disclosure

3. APPLICABILITY

This Policy applies to all loan products offered by the Company across all branches including gold loans, personal loans and business loans. It is binding on all employees, officers, and authorised representatives of the Company involved in loan sanctioning, pricing, and customer communication.

4. GOVERNANCE AND ORGANISATIONAL STRUCTURE

4.1 Board of Directors

The Board of Directors shall have overall oversight and approval authority for this Policy. The Board shall approve this Policy and any amendments thereto, the minimum and maximum interest rate range applicable to each loan product, and any revision in the schedule of fees and charges.

4.2 Managing Director

The Managing Director shall be responsible for implementation of this Policy across all branches, approving interest rates on individual loan schemes within the Board-approved range, and reviewing rate competitiveness periodically and recommending revisions to the Board.

4.3 Branch Operations

Branch Managers and operations staff shall apply interest rates strictly as per sanctioned scheme terms. No deviation from Board-approved rates is permitted at branch level without appropriate authority.

5. METHODOLOGY - INTEREST RATE DETERMINATION

The Company adopts a cost-plus-risk-premium approach for determining interest rates across all loan products. The final rate charged on any loan scheme shall be arrived at by considering the following components:

5.1 Basic Interest Rate

The Basic Interest Rate is the minimum rate chargeable under any loan scheme. It is determined by considering:

- Cost of Working Capital Funds - Interest and other incidental charges payable by the Company on its borrowed funds including bank borrowings, unsecured loans, and other financial instruments
- Overhead Costs - Employee costs, branch establishment costs, security costs, insurance premiums for gold in custody, statutory expenses, and marketing expenses
- Fair Return on Capital Employed - A reasonable return on promoters and shareholders capital deployed in the business
- Market Conditions - Interest rates charged by competing banks and NBFCs for similar loan products and all applicable RBI guidelines from time to time

5.2 Risk Premium

A risk premium shall be added over and above the Basic Interest Rate. It shall be assessed based on:

- Loan-to-Value (LTV) ratio - applicable to gold loans - higher LTV attracts higher risk premium
- Tenure of the loan - longer tenure increases risk of collateral value fluctuation and default
- Collateral quality - purity and weight of gold pledged in case of gold loans
- Borrowers credit profile, repayment capacity, and income stability - applicable to non-gold loan products
- Specific risks associated with each product type

5.3 Final Interest Rate

Final Rate = Basic Interest Rate + Risk Premium. All rates shall be expressed as annualised rates (% per annum). Monthly rates shall be communicated as annualised equivalents in the Sanction Letter and KFS.

6. INTEREST RATE RANGE

The Board-approved interest rate range applicable to the Company's loan products is as follows:

| Product | Minimum Rate | Maximum Rate | Type |
|---------------------|--------------|--------------|-------|
| Gold Loan | 11.88% p.a. | 27% p.a. | Fixed |
| Other Loan Products | 11.88% p.a. | 27% p.a. | Fixed |

No loan shall be sanctioned at a rate outside the Board-approved range without specific Board approval. The actual rate applicable shall be communicated in the Sanction Letter and KFS at the time of disbursement.

7. GOLD LOAN - SPECIFIC PROVISIONS

7.1 Rebate Framework

The Company may offer interest rebates under specific gold loan schemes to encourage timely repayment. The rebate structure shall operate as follows:

- Borrowers who service interest within the specified period under a scheme shall be eligible for a lower effective rate through rebate
- Rebate slab periods and corresponding effective rates shall be specified in scheme terms, Sanction Letter, and KFS at disbursement

- If interest is not serviced within the prescribed period, the rebate shall not apply and the higher rate shall be applicable from loan origination date
- The rebate offer is at the option of the borrower and is not compulsory
- The Company reserves the right to modify or withdraw rebate structures with Board approval and prior notice to borrowers

7.2 Minimum Interest Period

Each gold loan scheme shall have a minimum interest period as specified in scheme terms and communicated in the Sanction Letter and KFS. If a borrower forecloses before the minimum period, interest shall be charged for the full minimum period of the scheme.

7.3 Interest Calculation Method

- Interest shall be calculated for the actual number of days outstanding, from the date of actual disbursement to the date of closure
- Interest shall not be charged from the date of sanction - only from the date of actual disbursement of funds
- For the purpose of interest calculation, a year shall be reckoned as 360 days
- Interest shall be compounded as per the scheme frequency - monthly, quarterly, half-yearly, or yearly
- Remittances shall be appropriated first towards penal charges, then accrued interest, then principal

8. OTHER LOAN PRODUCTS - SPECIFIC PROVISIONS

Interest rates on non-gold loan products shall be determined based on the borrowers credit profile, repayment capacity, cost of funds, and market conditions. The applicable rate shall be within the Board-approved range. Interest shall be calculated on a reducing balance basis from the date of actual disbursement. A year shall be reckoned as 360 days.

9. FEES AND CHARGES

GST and all applicable government taxes and levies shall be charged in addition to the fees and charges listed below at prevailing rates. All charges are exclusive of GST unless otherwise stated.

9.1 Processing Fee

A processing fee of up to 0.2% of the sanctioned loan amount shall be applicable on gold loans. For other loan products, the processing fee shall be up to 1% of the sanctioned loan amount. The applicable fee shall be disclosed upfront in the KFS and Sanction Letter.

9.2 Penal Charges

In accordance with RBI Circular dated 18 August 2023 (effective 1 April 2024), penalty for non-repayment or non-compliance of material loan terms shall be levied as penal charges only and not as penal interest.

- Penal charges shall be levied at up to 2% per annum on the overdue outstanding amount (principal + accrued interest) from the date the account becomes overdue
- Penal charges shall not be levied on the outstanding penal due amount
- There shall be no capitalisation of penal charges - no further interest shall be calculated on penal charges levied
- Quantum of penal charges and trigger conditions shall be clearly disclosed in the loan agreement and KFS upfront

9.3 Overdue Notice Charges

Overdue notice charges of up to Rs. 200 per notice shall be levied for each overdue notice issued to a defaulting borrower.

9.4 SMS Charges

SMS alert charges of Rs. 10 per quarter shall be applicable on gold loan accounts under applicable schemes.

9.5 Auction Charges - Gold Loans

In the event of default and subsequent auction of pledged gold, auction charges of up to Rs. 1,500 per loan account plus applicable GST shall be levied. These shall be recovered from auction proceeds before returning any surplus to the borrower.

9.6 Part Payment Charges

Part payment charges shall be Nil across all loan products.

9.7 Foreclosure Charges

Foreclosure charges shall be Nil across all loan products. However, if a borrower forecloses a gold loan before the minimum interest period of the scheme, interest shall be charged for the full minimum interest period as specified in the Sanction Letter and KFS.

9.8 Stamp Duty and Statutory Charges

Stamp duty and other statutory charges shall be levied as per applicable laws of the State of Maharashtra and any other state where the Company operates branches.

10. COMMUNICATION TO BORROWERS

- The annualised rate of interest shall be communicated at the time of sanction through the Sanction Letter and Key Facts Statement (KFS)
- The KFS shall include the Annual Percentage Rate (APR) computation covering all charges levied by the Company
- Any fees or charges not mentioned in the KFS shall not be charged without the borrowers explicit consent
- The rate of interest and schedule of fees and charges shall be displayed at all branch premises and published on the Company's website

- Any change in interest rates or charges shall be communicated in advance and shall be effective only prospectively
- Statement of account shall be made available to the borrower on request at any time
- Where a loan has a rebate-based rate structure, the same shall be clearly explained at sanction and disclosed in the KFS and loan agreement

11. DISCLOSURE AND TRANSPARENCY

- This Policy shall be published on the Company's website and made available to any customer on request, free of charge
- The interest rate range applicable to each loan product shall be displayed at all branch premises and on the website
- The Company shall not introduce any hidden charges not disclosed in the KFS or loan agreement
- The Company shall not charge interest in a discriminatory manner - borrowers under the same scheme with the same risk profile shall be charged the same rate

12. REVIEW OF POLICY

- This Policy shall be reviewed by the Board of Directors annually or more frequently as required due to changes in RBI guidelines or market conditions
- Any revision to the interest rate range or fee schedule shall require Board approval
- Any revision in rates or charges shall be effective only prospectively and communicated to borrowers before implementation
- This Policy supersedes the earlier Policy on Interest Rate Fixation approved by the Board of Directors

ANNEXURE 1 - INTEREST RATE RANGE

| Product | Minimum Rate | Maximum Rate | Type |
|---------------------|--------------|--------------|-------|
| Gold Loan | 11.88% p.a. | 27% p.a. | Fixed |
| Other Loan Products | 11.88% p.a. | 27% p.a. | Fixed |

Note: No loan shall be sanctioned outside the above Board-approved range without specific Board approval.

ANNEXURE 2 - SCHEDULE OF FEES AND CHARGES

GST and all applicable government taxes shall be charged additionally on all charges below at prevailing rates.

| # | Charge | Gold Loan | Other Loan Products |
|---|------------------------|--------------------------------------|--------------------------------------|
| 1 | Processing Fee | Up to 0.2% of loan amount | Up to 1% of loan amount |
| 2 | Penal Charges | Up to 2% p.a. on overdue outstanding | Up to 2% p.a. on overdue outstanding |
| 3 | Overdue Notice Charges | Up to Rs. 200 per notice | Up to Rs. 200 per notice |
| 4 | SMS Charges | Rs. 10 per quarter | Not applicable |
| 5 | Auction Charges | Up to Rs. 1,500 per loan + GST | Not applicable |
| 6 | Part Payment Charges | Nil | Nil |
| 7 | Foreclosure Charges | Nil (min interest period applies) | Nil |
| 8 | Stamp Duty | As per applicable State law | As per applicable State law |

AUTHORISED SIGNATORIES AND VERSION HISTORY

Board of Directors - B B Banthia Finance Pvt Ltd

| Suyog Banthia - Managing Director | Gaurav Banthia - Director | Rajesh Banthia - Director |
|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| DIN: 06814791 | DIN: 06814782 | DIN: 06814787 |
| Signature:  | Signature:  | Signature:  |
| Date: 23rd Mar 2026 | Date: 23rd Mar 2026 | Date: 23rd Mar 2026 |
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Version History

| Version | Date | Prepared By | Reviewed By | Approved By | Summary |
|---------|---------------|-----------------|-------------|--------------------|----------------------------------------------------------------|
| V1.0 | 31 March 2026 | Compliance Team | Risk Team | Board of Directors | New policy - supersede s earlier Interest Rate Fixation Policy |