R.K. BANSAL FINANCE PRIVATE LIMITED

INTEREST RATE POLICY

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1. Background

RK Bansal Finance Private Limited ("Company") is engaged in the business of providing **unsecured personal loans** to eligible individual borrowers. The Company is required to adopt a fair, transparent and Board-approved framework for determining interest rates, fees, charges and penal charges applicable to its loan products.

This Interest Rate Policy ("Policy") sets out the principles and methodology to be followed by the Company for pricing unsecured personal loans. It also describes the manner in which interest rates, annual percentage rate, fees, charges and penal charges will be disclosed to borrowers.

This Policy is restricted to unsecured personal loans only. No other loan product is covered under this Policy.

2. Regulatory Basis

This Policy has been prepared with reference to applicable laws, rules, regulations and directions issued by the Reserve Bank of India ("RBI"), including the following, as amended, updated, consolidated or replaced from time to time:

a. Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025.
b. Fair Practices Code requirements applicable to NBFCs, including requirements on transparent communication of loan terms, interest rates, approach for gradation of risk and charges.
c. RBI directions on Key Facts Statement for Loans and Advances, including disclosure of Annual Percentage Rate and all material loan terms.
d. RBI directions on penal charges in loan accounts, including the requirement that penal charges shall not be levied as penal interest and shall not be capitalised.
e. RBI directions on digital lending, to the extent unsecured personal loans are sourced, sanctioned, disbursed, serviced or recovered through digital channels or lending service providers.
f. Any other RBI circular, notification, master direction, clarification or instruction applicable to NBFCs and unsecured personal loans.

3. Objective

The objective of this Policy is to:

a. establish a transparent methodology for determining interest rates on unsecured personal loans;
b. ensure that the Company's pricing reflects cost of funds, operating costs, credit risk, borrower profile, loan tenure, portfolio performance and reasonable margin;
c. ensure that differential pricing, where applied, is based on objective and documented risk gradation parameters;

d. ensure that borrowers are informed of the applicable rate of interest, Annual Percentage Rate, fees, charges, penal charges and repayment terms before entering into the loan transaction;
e. prevent arbitrary, excessive, non-transparent or discriminatory pricing practices;
f. ensure compliance with RBI requirements relating to Fair Practices Code, Responsible Business Conduct, Key Facts Statement, penal charges and customer communication; and
g. provide for Board oversight and periodic review of the interest rate model.

4. Scope

This Policy applies only to **unsecured personal loans** offered by the Company to individual borrowers.

The Unsecured personal loans are broadly categorised as:

1. Quick Loan up to 45 days
2. EMI Loan up to 12 months

If the Company proposes to introduce any product other than unsecured personal loans, necessary Board-approved amendment in this Policy shall be adopted before such product is launched.

5. Definitions

For the purposes of this Policy, unless the context otherwise requires:

a. Annual Percentage Rate or APR

"Annual Percentage Rate" or "APR" means the annualised cost of credit to the borrower, including the interest rate and other charges associated with the loan, expressed in percentage terms in accordance with applicable RBI requirements.

b. Board

"Board" means the Board of Directors of RK Bansal Finance Private Limited.

c. Borrower

"Borrower" means an individual applicant or customer to whom the Company sanctions or disburses an unsecured personal loan.

d. Company

"Company" means RK Bansal Finance Private Limited.

e. Credit Risk Premium

"Credit Risk Premium" means the risk-based pricing component applied to a borrower or borrower segment to account for credit risk, probability of default, expected credit loss, repayment behaviour, portfolio performance and collection risk.

f. Key Facts Statement or KFS

"Key Facts Statement" or "KFS" means the statement of key facts of the loan agreement provided to the borrower in the format and manner prescribed by RBI.

g. Penal Charges

"Penal Charges" means charges levied for non-compliance with material terms and conditions of the loan contract, including delay or default in repayment. Penal charges shall not be treated as penal interest and shall not be added to the contractual rate of interest.

6. **General Principles**

The Company shall adopt a risk-based pricing model for unsecured personal loans. The rate of interest charged to a borrower may vary depending on the borrower's risk profile, loan amount, tenure, repayment capacity, credit history, cost factors and other relevant parameters.

The Company shall ensure that:

1. interest rates are determined through an approved internal framework;
2. pricing decisions are not arbitrary;
3. borrowers in similar circumstances are treated consistently;
4. differential pricing is supported by objective risk or cost-based factors;
5. the rate of interest is communicated to borrowers in annualised terms;
6. APR is disclosed in the KFS and other applicable loan documents;
7. the approach for gradation of risk is disclosed as required under RBI directions; and
8. changes in rates, fees and charges are communicated prospectively.

7. Computation of Interest Rate

The interest rate charged on an unsecured personal loan may include the following components:

Component	Description	Details
Cost of Borrowed Capital (A)	Blended Cost of borrowed capital across all sources.	Cost incurred by the Company in raising funds for lending operations, including borrowings, debt instruments, bank finance, capital costs and related fund-raising expenses such as payment of placement fees, brokerage, processing fees, listing fees etc.
Negative Carry on Liquid Reserves (B)	Cost associated with maintaining liquidity buffers and managing deployment gaps	The Company maintains cash and liquid reserves for liquidity management and regulatory compliance. These reserves earn sub-loan-book returns, resulting in a negative carry.
Expected return on capital employed (C)	The minimum return required by the Company on its capital employed, representing the cost of equity capital deployed.	The company also has an Equity portion which is a mix of infused capital by the investors and retained earnings of the business. The cost of such equity is also considered for its proportionate share in total capital keeping market conditions, investor return expectations and company's capital position in mind.
(A) + (B) + (C) = (D)	Cost of Funds	
Operating Cost (E)	Operating Cost net of cost adjusted through PF.	Costs relating to sourcing, underwriting, KYC verification, technology, payment

		processing, servicing, collections, employee cost, compliance, customer support and administration/ overhead costs The operating cost is net of the sourcing/marketing fee since the same has been adjusted out of the processing fee and hence not considered for interest rate calculation purpose
(D) + (E) = (F)	Base Reference Rate	
Credit Risk Premium (G)	Risk premium based on borrower profile, repayment capacity, bureau score, indebtedness, probability of default, expected loss and historical performance of similar borrower segments.	The net credit risk premium accounts for the risk of borrower defaults. It represents the expected losses from a loan in the event of delinquency. It is arrived at from internal assessments of inter alia the historical customer segment-wise portfolio performance, past default trends, and customer relationship. A credit risk premium ensures that the company prices its loans in line with the risk profile of borrowers i.e. risk based pricing policy. Such that the premium is benchmarked to borrower-specific or segment-specific risk i.e. The premium is higher for customers with a higher risk of default and lower for customers with a stronger credit profile.
Tenure Premium (H)	Adjustment for duration of exposure, repayment period and risk associated with longer tenure.	Tenor premium currently is Nil due to the short term nature of the loan products offered by the Company
Market and Regulatory Adjustment (I)	Adjustment based on market conditions, competition, liquidity, inflation, regulatory changes and macroeconomic environment.	-
(F) + (G) +(H) + (I) = (J)	Total cost including credit costs and other premium adjustments	
Margin (K)	Margin required for sustainability of business, capital adequacy, risk absorption and reasonable return.	
(J) + (K) = (L)	Borrower Interest rate	The annualised interest rate communicated to the customer in the KFS, sanction letter and loan agreement. Subject to the maximum rate approved by Board

The final rate offered to a borrower shall be subject to the maximum interest rate approved by the Board and shall be disclosed in the KFS, sanction communication and loan agreement.

8. Type of Interest Rate

The Company may offer unsecured personal loans on a **fixed rate basis**.

9. Method of Interest Calculation

Interest shall ordinarily be calculated on a reducing balance basis. Interest shall be charged only from the date of actual disbursement of funds to the borrower.

Where a loan is disbursed or repaid during a month, interest shall be charged only for the period for which the loan amount remains outstanding.

10. Maximum Interest Rate Ceiling

The Board shall approve the maximum interest rate applicable to unsecured personal loans. The maximum interest rate shall be determined after considering:

1. cost of funds;
2. operating costs;
3. borrower risk profile;
4. expected credit losses;
5. portfolio delinquency;
6. collection cost;
7. tenure;
8. regulatory requirements;
9. market conditions;
10. customer segment; and
11. reasonable return expectations.

Any loan priced outside the approved ceiling shall require specific approval in accordance with the delegation matrix approved by the Board.

11. Risk-Based Pricing

The Company may charge different rates of interest to different borrowers based on objective risk gradation criteria. Borrowers availing the same product during the same period may be charged different rates if such difference is supported by borrower-specific or segment-specific risk factors.

12. Risk Gradation Parameters

The Company may consider one or more of the following factors while assigning a borrower to a risk category & hence the applicable risk premium:

Parameter	Relevance to Pricing
Borrower profile	Age and demographic profile, KYC and verification outcome; residence stability,
Credit bureau score	Indicates historical credit behaviour and probability of default
Credit bureau report attributes	Shows existing loans, repayment history, defaults, delays, settlement, write-offs, overdue and credit enquiries
Income level	Assesses repayment capacity
Income stability	Assesses consistency of repayment capacity
Employment / occupation type	This includes assessment of employer profile or business profile; which helps evaluate stability and predictability of income
Existing indebtedness	Determines borrower leverage and repayment burden, debt to income ratio
Banking behaviour	Indicates cash-flow discipline and financial conduct
Internal credit score	Reflects Company's underwriting assessment
Loan amount	Larger exposure may require higher risk assessment
Loan tenure	Longer tenure may increase credit and behavioural risk
Repayment track record	Repayment history with existing or previous lenders; Supports assessment of future repayment likelihood
Existing Relationship	Tenure of relationship with the borrower, past repayment track record and historical performance of similar clients;
Geography	Reflects location-based delinquency or collection experience
Verification outcome	Helps assess identity, fraud and documentation risk
Portfolio performance	Allows pricing to reflect observed delinquency and loss trends
Market conditions	Allows adjustment for liquidity, competition and macroeconomic trends Rates may also vary in line with what is offered by other lenders in the same / similar domain
Regulatory requirements	Ensures compliance with RBI and applicable law
Other factors	Fraud or identity Risk, Sourcing channel, collection experience etc.

Rates may also be impacted by any other factors that may be relevant in a particular case or as deemed fit by the Company

13. Gradation of Loan Based on Risk Assessment: Risk Categories

The Company may classify borrowers into categories such as:

Risk Category	Indicative Description
Low Risk	Borrowers with strong credit profile, stable income, satisfactory repayment history and low probability of default.

Medium Risk	Borrowers with acceptable but moderate credit profile, moderate leverage or limited repayment history.
High Risk	Borrowers with weak or limited credit history, higher leverage, unstable income, adverse bureau indicators or higher probability of default.

The company has deployed a Scoring model, which helps categorise customers into different Risk categories based on the Company's internal credit and risk framework. This may be revised from time to time.
Further the credit policy of the company lay down the interest that shall be charged from the customers on the basis of their risk profile.

14. Fees and Charges

In addition to interest, the Company may levy fees and charges in connection with unsecured personal loans, including:

1. processing fee;
2. bounce or dishonour charges;
3. penal charges for non-compliance with material loan terms;
4. pre-payment or foreclosure charges, if applicable and permitted;
5. statutory taxes, duties, cess or levies, including GST.

All fees and charges shall be approved by the Board or an authorised committee and disclosed to the borrower before execution of the loan agreement.

In addition, the company may charge other fees and levy in the form of documentation charges; KYC and verification charges; credit assessment charges; payment mandate registration charges; payment processing charges; duplicate statement or document charges; and service request charges subject to Board approved policy

15. Annual Percentage Rate

The Company shall disclose APR to each borrower in the KFS and other applicable loan documents.

The APR shall include the annualised cost of credit to the borrower, including the rate of interest and applicable charges associated with the loan, but excluding contingent charges such as penal charges or default-related charges, unless otherwise required by RBI.

The APR shall be presented clearly so that the borrower can understand the total cost of borrowing before accepting the loan.

16. Penal Charges

Penal charges may be levied only for non-compliance with material terms and conditions of the unsecured personal loan contract, including delay or default in repayment.

The following principles shall apply:

a. penal charges shall not be levied as penal interest;

b. penal charges shall not be added to the contracted rate of interest;
c. penal charges shall not be capitalised;
d. no further interest shall be computed on penal charges;
e. penal charges shall be reasonable and proportionate to the non-compliance;
f. penal charges shall not be discriminatory within the same product category;
g. the quantum and reason for penal charges shall be disclosed in the KFS and loan agreement;
h. reminders for non-compliance shall mention applicable penal charges, where required;
i. any levy of penal charges shall be communicated to the borrower along with the reason; and
j. penal charges shall not be used as a revenue enhancement tool.

17. Pre-payment and Foreclosure

The Company may permit pre-payment or foreclosure of unsecured personal loans, subject to the loan agreement, product terms, applicable RBI directions and internal approvals.

Any pre-payment or foreclosure charge shall be:

1. approved by the Board or authorised committee;
2. disclosed upfront in the KFS and loan agreement;
3. reasonable and non-discriminatory;
4. applied only where permitted under applicable law and RBI directions; and
5. communicated to the borrower before processing the pre-payment or foreclosure request.

Where RBI prohibits or restricts foreclosure or pre-payment charges for a category of personal loans, the Company shall comply with such prohibition or restriction.

Currently, the prepayment charges stand as follows:

1. Quick Loan – Nil
2. EMI Loans – 3%

18. Changes in Interest Rates, Fees and Charges

Any change in interest rates, fees or charges shall apply prospectively, unless otherwise required by law or RBI direction.

The Company shall communicate changes affecting borrowers through appropriate channels, including SMS, email, mobile application, website, customer portal, account statement or written communication.

Changes shall not be implemented retrospectively to the disadvantage of borrowers.

19. Website Disclosure

The Company shall publish appropriate disclosures on its website, including:

1. interest rate range for unsecured personal loans;
2. approach for gradation of risk;

3. schedule of fees and charges;
4. penal charges;
5. grievance redressal mechanism; and
6. such other information as may be required by RBI.

The website disclosures shall be updated whenever there is any material change.

20. Board Oversight

The Board shall have overall responsibility for this Policy and the Company's interest rate framework.

21. Delegation

The Board delegates implementation, periodic review and operational monitoring of this Policy to the Risk Management Committee and Credit Risk Function.

22. Deviations

Any deviation from the approved pricing framework, maximum interest rate, fees or charges shall require approval in accordance with the delegation matrix approved by the Board.

Deviations shall be documented with reasons and reviewed periodically by the authorised committee or Board.

23. Digital Lending

Where unsecured personal loans are sourced, processed, sanctioned, disbursed, serviced or recovered through digital channels, the Company shall comply with applicable RBI digital lending requirements.

The Company shall ensure that:
1. the borrower receives the KFS before execution of loan documents;
2. borrower consent is obtained where required;
3. all charges payable by the borrower are disclosed upfront;
4. loan disbursement and repayment flows comply with RBI requirements;
5. the borrower has access to grievance redressal channels;
6. any lending service provider acts within the scope approved by the Company; and
7. the Company remains responsible for outsourced activities.

24. Review of Policy

This Policy shall be reviewed at least annually by the Board or an authorised committee.

The Policy may be reviewed earlier in case of:
1. change in RBI directions;
2. change in applicable law;
3. change in the Company's business model;

4. change in cost of funds;
5. change in unsecured personal loan pricing methodology;
6. significant change in portfolio performance;
7. regulatory inspection or audit observation;
8. increase in borrower complaints relating to pricing or charges;
9. introduction of new unsecured personal loan variants; or
10. any other reason considered appropriate by the Board.

25. Amendment

Any material amendment to this Policy shall be approved by the Board.

Operational or non-material changes may be approved by the Head of Risk, subject to ratification by the Board, if required under the Company's internal governance framework.

26. Interpretation

In case of any conflict between this Policy and applicable law, RBI directions, regulations, circulars or notifications, the applicable law or RBI direction shall prevail.

The Company shall interpret this Policy in a manner consistent with responsible lending, fair conduct, transparency, borrower protection and applicable RBI requirements.

27. Approval

This Policy shall come into effect from the date approved by the Board of Directors of RK Bansal Finance Private Limited and shall remain in force until amended, superseded or withdrawn.

Annexure 1

Interest Rate Model for Unsecured Personal Loans

1. Purpose of Annexure

This Annexure sets out the indicative product-level indicative pricing and maximum ceiling of various charges applicable only to unsecured personal loans offered by RK Bansal Finance Private Limited.

The pricing grid below is intended to provide internal guidance and external transparency regarding the range of loan amounts, tenure, maximum rate of interest and charges applicable to unsecured personal loans.

The final pricing for a borrower shall be determined based on the Company's approved credit and risk framework, borrower profile, repayment capacity, cost of funds, operating cost, credit risk premium, loan tenure, market conditions and applicable regulatory requirements.

2. Indicative Pricing Grid for Unsecured Personal Loans

Particulars	**Quick Loan**	**EMI Loan**
Product Category	Unsecured Personal Loan	Unsecured Personal Loan
Eligible Borrower Type	Individual borrower with no prior loans with us	Individual borrower with prior paid loans with us
Minimum Loan Amount	INR 1000	INR 1000
Maximum Loan Amount	INR 200000	INR 200000
Tenure	Up to 45 days	Up to 12 months
Minimum Rate of Interest	0.17% per day (62% per annum)	48% per annum
Maximum Rate of Interest	1% per day (365% per annum)	144% per annum
Processing Fee	5- 10% of loan amount, plus applicable taxes	5-10% of loan amount, plus applicable taxes
Documentation / Verification Charges	As disclosed in KFS and loan agreement	As disclosed in KFS and loan agreement
Penal Charges	As disclosed in KFS and loan agreement; not to be capitalised	As disclosed in KFS and loan agreement; not to be capitalised
Bounce / Mandate Failure Charges	As disclosed in KFS and loan agreement	As disclosed in KFS and loan agreement
Pre-payment / Foreclosure Charges	As applicable and permitted under RBI directions	As applicable and permitted under RBI directions
Repayment Frequency	Monthly / as approved for the product	Monthly / as approved for the product
Security	No collateral security	No collateral security

3. Minimum and Maximum Rate and Charges

The Board or authorised committee shall approve the maximum rate of interest and maximum charges applicable to unsecured personal loans.

Particulars	Ceiling / Limit
Minimum Rate of Interest	0.17 % per day (62% p.a, 5.1% per month) for Payday 48% p.a for EMI
Maximum Rate of Interest	1% per day (365% p.a, 30% per month) for Payday. 144% p.a. For EMI
Maximum Processing Fee	Up to 10% of loan amount, plus applicable taxes
Maximum Penal Charges	Up to 36.5% p.a.
Maximum Bounce / Mandate Failure Charges	500+GST
Maximum Pre-payment / Foreclosure Charges	3% of Principal Outstanding (EMI loans only)
GST and Statutory Levies	As applicable