



INTEREST RATE AND OTHER CHARGES POLICY

(The Policy is last amended by the Board of Directors in its meeting dated 21st May, 2026)

BAROTA FINANCE LIMITED

INTEREST RATE POLICY

PREAMBLE

Reserve Bank of India (RBI) vide is notification dated January 02, 2009 and guidelines on fair practices code for non-banking finance companies dated March 26, 2012 now subsumed in the Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 dated October 19,2023 as updated from time to time, have directed all the NBFCs should layout appropriate internal principles and procedures in determining interest rates, processing and other charges. Keeping in view the RBI's guidelines as cited above, Barota Finance Limited (BFL) has adopted the following internal guidelines, policies, procedures and interest rate model for its lending business.

INTEREST RATE MODEL

The Interest rate charged by the Company for loans and advances is on Fixed Rate basis and defined its policy on the basis of products and services offered by the Company. Currently BFL has one benchmark i.e. Base Rate for pricing the loans.

A. Interest rate model for all products offered by company (except digital lending):

The benchmark for calculating interest is based on following factors.

- **Weighted Average cost of borrowing:** The Company borrows funds through term loans from banks and Inter Corporate Deposit from holding Company with both end use specified and/or unspecified which is against pool of receivables. Weighted average cost of borrowing of such funds is taken for bench mark calculation.
- **Cost of Equity-** BFL needs to infuse equity capital to support its business operations and adhere to the capital adequacy requirements prescribed by the RBI. Accordingly, the cost of such equity is also taken into consideration while determining the lending rate.
- **Fund raising cost:** It includes processing fees on term loans, brokerage to source funds etc.
- **ALM mismatch cost:** The Company borrows funds on short term and long term basis. Short terms funds are raised from parent Company and long term funds are raised from banks and parent company for meeting future fund requirement and manage ALM gaps under certain limits imposed by regulator.
- **Operation Cost:** Retail product offered by the Company are sourced by in house teams/DSA/Dealers of holding Company and collections are undertaken through its own resources only. Accordingly, the Company is having large number of employees on its rolls which substantially increases the operating costs. It includes employee expenses including travelling costs, office related fixed and variable costs but excluding depreciation cost.
- **Depreciation:** It represents the estimated reduction in the value of Fixed Assets during the financial year. Company considers estimated reduction in the value of its assets as a cost for calculating interest rate.
- **Risk Premium:** Since the Company specializes in financing tractors, a segment known for higher default risks compared to other vehicle loans, caution is warranted. Tractor loans are primarily taken by individuals reliant on agricultural income, greatly impacted by factors such as deficient rainfall and reduced farm yields. Loan repayments depends on crop patterns, thus necessitating the inclusion of a risk premium in the interest rate to mitigate business-related risks.

Weighted Average Cost of Borrowings (including ALM mismatch cost)	%
➤ Long Term	x
➤ Short Term	x
Total Weighted Average Cost of Borrowings (A)	x
Operational Cost	

i. Manpower Cost	x
ii. Office Related Cost (fixed & variable)	x
iii. Travelling Expenses	x
iv. Other Miscellaneous cost	x
Total Operational cost (i+ii+iii+iv)=B	xx
Risk Premium -C	x
Depreciation- D	x
Total Cost (A+B+C+D)=E	xx
Cost of Equity-F	x
Fixed Bench Mark Rate(E+F)	xx

B. Interest rate model for digital lending Products and services:

- **Weighted Average cost of borrowing:** The Company borrows funds through term loans from banks and Inter Corporate Deposit from holding Company with both end use specified and/or unspecified which is against pool of receivables. Weighted average cost of borrowing of such funds is taken for bench mark calculation.
- **Cost of Equity-** BFL needs to infuse equity capital to support its business operations and adhere to the capital adequacy requirements prescribed by the RBI. Accordingly, the cost of such equity is also taken into consideration while determining the lending rate.
- **Fund raising cost:** It includes processing fees on term loans, brokerage to source funds etc.
- **Risk Premium:** Since the short-term loan is unsecured, the Company does not undertake physical onboarding of customers, and the customer onboarding and documentation are carried out digitally through API-based verification, a higher risk premium is considered to compensate for the higher credit and operational risks associated with such lending.

Approach for gradation of risk for all products including Digital lending:

The Lending Rate will be different for different categories of borrowers. The lending rate will be arrived by considering the following factors as follows:

- Profile of the borrower
- Interest rate risk
- Occupation of the borrower
- Historical performance of similar homogeneous clients
- Repayment track record of the borrower
- Value of collateral security
- Profile of Guarantor if any
- Subvention available
- Ticket size of loan
- Bureau Score
- Tenure of Loan
- Location delinquency and collection performance
- Customer Indebtedness (other existing loans)
- Pricing offered by competition and other relevant factors

ANNUALIZED RATE OF INTEREST CHARGED TO OUR CUSTOMER:

A. FOR ALL PRODUCTS OFFERED BY COMPANY (EXCEPT DIGITAL LENDING):

BFL provide Loans to farmers for purchase of new & used tractors, harvesters, agricultural implements and other allied-agricultural activities, In addition, BFL also offers financing for the purchase of new and used construction equipment, with a specific focus on pick-and-carry cranes

The interest would be charged on monthly/quarterly/half yearly rests or on maturity, depending on product features and customer preferences. However, the customer would be provided an annualised rate of interest in the sanction letter. Annualised Percentage Rate (APR) will be part of the Key Facts Statement (KFS) shared with customer.

The interest rates proposed for different loans and advances extended by the Company to its borrowers, are given in Annexure A

The rate of interest shall be annualized rates and charged on monthly charges but recovered from Equated installment which may be monthly, structured or purely quarterly/ half yearly.

B. FOR DIGITAL LENDING PRODUCTS:

Barota Finance Limited offers short-term loan facilities to eligible salaried individuals through its digital lending platform, Paisa24Finance. Paisa24Finance is a digital lending platform and the digital lending brand of Barota Finance Limited. The platform focuses on providing fast, transparent, and technology-driven credit solutions to salaried individuals across India.

The Company is charging interest calculated on daily basis subject to minimum of 7 days. However, the customer would be provided an annualized rate of interest in the sanction letter. Annualized Percentage Rate (APR) will be part of the Key Facts Statement (KFS) shared with customer. The interest rates extended by the Company to its borrowers, are given in Annexure A

*Note: The rates of interest are subject to change as the situation warrants and are subject to the discretion of the management on a case to case basis.

PRINCIPLES AND PROCEDURES FOR LEVY OF FEES AND CHARGES

In addition to charging interest on the loans, the Company will also levy fees and charges and applicable prevailing taxes thereon. Any revision in these charges would be implemented on prospective basis with due communication to customers.

- **Penal Interest/ Charges-** Besides normal interest the Company may levy additional interest in the form of penal charges for any delay or default in payment of dues by the customer/borrower to inculcate a sense of credit discipline and such charges are not meant to be used as a revenue enhancement tool over and above the contracted rate of Interest and Company has to ensure that it shall subject to RBI Circular No. RBI/2023-24/53DoR.MCS.REC.28/01.01.001/2023-24 dated August 18, 2023, as amended from time to time The penal charges charged by the Company on the customer is provided in Annexure-B.
- **Prepayment Penalty/Foreclosure Charges:** The Company allows the prepayment of the loan amount subject to certain conditions and on payment of prepayment penalties/foreclosure charges by the customer. However, BFL shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loans sanctioned to individual borrowers for purpose other than business. The prepayment penalty/foreclosure charges charged from the customer by the Company is provided in Annexure-1.
- **“e-NACH/UPI Mandate Payment Bounce Charge”** - Charges levied in the event of failure, dishonour, or bounce of an e-NACH, UPI mandate, ECS, or any other electronic repayment instruction due to insufficient funds, mandate failure, technical rejection, or any other reason attributable to the borrower.
- **Other Charges & Fees:** BFL may charge Processing fee to cover the cost of sourcing/acquisition, field verification, credit appraisal etc. Other fees/charges such as Valuation fees shall be charged to customers separately. Similarly, other charges such as cheque bouncing charges, prepayment charges, collection charges, collection visit charges, duplicate NOC Charges, SOA charges etc shall be levied by the Company from time to time. In addition, GST and other cess on the fees and charges shall be collected at the applicable rates from the customers.

*The illustrative list of various fees and charges on product offered by BFL is provide in **Annexure B** of this policy.* Further, with respect to implementation/ levy of fees and charges, the Company shall ensure that:

- A clear and transparent communication is made to the customer about all fees and charges as part of agreement / T&C.
- Any upfront fees and charges that is not mentioned in the agreement should not be imposed on the customer for availing the loan product; and
- Any change in contingent / service charges or introduction of new contingent / service charge should be implemented only prospectively except for change on account of regulatory/ statutory changes.

DEVIATION:

There can be a downward deviation in charges/fees/penalties as specified in the provisions of this policy i.e. waiver of fees/ charges/ penal interest/ foreclosure charges are at the sole discretion of the Company. The authorized person may partly or fully waive these charges, and the decision of the Company is final in this regard.

PERIODICAL REVIEW FRAMEWORK

The Policy is amended and approved by the Board of Directors in its meeting dated 20th June, 2025. Consequent upon any amendments in RBI guidelines or any change in the position of the Company, necessary changes in this Policy shall be incorporated and approved by the Board.

Notwithstanding anything contained in this Policy, in case of any contradiction of the provision of this Policy with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this Policy.

COMMUNICATION OF ASPECTS OF THE POLICY

The company will communicate the effective rate of interest -to customers at the time of sanction / availing of the loan through the acceptable mode of communication.

Interest rate model and schedule of charges (wherever necessary) would be uploaded on the website of the company and any change in the benchmark rates and charges for existing customers would also be uploaded on the web site of the Company.

Annexure A

S.No.	Product	Annualized Rate Of Interest*
1	Tractors (New)	14 % to 24% per annum.
2	Tractors (Used)	16% to 28% per annum.
3	Construction Equipment (New)	14% to 18% per annum
4	Construction Equipment (Used)	15% to 22% per annum
5	Short Term Loan- Digital loan	0.5% to 1% per day

Annexure B

Illustrative list and Details of various fees and charges

- Tractor and Cranes:**

Sr. No	Name of Fees & Charges	Amount based/ rate based	Description
Fees and charges			
1.	Processing Fees	Tractor (New)- 2.10%* Tractor (Used)- 2.40%* Construction Equipment (New) - 0.50%* Construction Equipment (Used) - 0.75%*	Fees charged for processing of a loan, which can either be paid upfront by the borrower or deducted from the loan amount at the time of disbursement upfront or deductible from the loan amount at the time of disbursement.
2.	Documentation Charges	₹ 2500/-*	Fees charged in case of financing of new tractors for verification of Documents of the customer
3.	Valuation charges	₹1000/-*	Fees charged for valuation of asset in case of Refinance
4.	Cash Collection charges	₹200/-*	Fees charged for collecting EMI from customer at his/her door step.
5.	Field visit charges	₹250/-* per visit	Fees charged to the customer from 2 nd visit onwards.
6.	Duplicate Re-payment schedule	₹250/-*	Charges for issuance of duplicate re-payment schedule of the loan account of the Customer
7.	Statement of Account Charges	₹750/-*	Charged wherein customer request copies of his records pertaining to his transactions (SOA)
8.	Cheque Bounce Charges	As actual charged by the bank	Fees charged to the customer for dishonor of negotiable instrument
9.	Loan Cancellation Charges	As actual processing fees charged	Fees charged to the customer to compensate administrative cost in the event of cancellation of loan
10.	Re-issuance/Revalidation of NOC Charges	₹1000/-*	Fees charged for issuing of Duplicate NOC/Revalidation of NOC for removing Hypothecation post loan closure.
11.	Loan Restructuring Charges	3% of outstanding amount*	Charges for Restructuring of loan

12.	Penal Charges (Excluding GST)	Up to 3% p.m. of the unpaid installment	Charges for Delay in payment of EMI calculated on unpaid installment without Compounding.
13.	Legal Repossession and incidental charges	At actuals	Amount incurred for repossession of assets of defaulting customers
Foreclosure Charges			
Before 1 year		4%*	Fees charged on principal outstanding as per reducing balance method on the date of repayment
After 1 year		3 %*	

****Charges are inclusive of GST.**

- SHORT TERM PERSONAL LOAN**

Sr. No	Name of Fees & Charges	Amount based/ rate based	Description
<u>Fees and charges</u>			
1.	Processing Fees	4% - 7.5%+ GST	Fees related to processing & servicing of loan which can either be paid upfront by the borrower or deducted from the loan amount at the time of disbursement upfront or deductible from the loan amount at the time of disbursement
2.	Penal Charges (Excluding GST)	Up to 1% per day	In the event of any delay in the payment of Instalments, amounts due and payable on Due Date/s (unpaid amount)
3.	Foreclosure Charges	Nil	Fees charged on principal outstanding as per reducing balance method on the date of repayment
4.	e-NACH/UPI e-Mandate Registration Charge	Upto Rs. 500	Charges levied in the event of failure, dishonor, or bounce of an e-NACH, UPI mandate, ECS, or any other electronic repayment instruction due to insufficient Funds, mandate failure, technical rejection, or any other reason attributable to the borrower.

- There are no hidden charges. All charges will be communicated upfront in the Key Fact Statement.**
- There can be a downward deviation in charges/fees/penalties as specified in the provisions of this policy i.e. waiver of fees/ charges/ penal interest/ foreclosure charges are at the sole discretion of the Company. The authorized person may partly or fully waive these charges, and the decision of the Company is final in this regard**