# SANTOSH INDUSTRIES LIMITED

CIN No. U51909WB1960PLC024531
Regd Office: Suite No. 5A, 5th Floor, 3A, Auckland Place, Kolkata – 700 017
Tel No. +91 33 2290 2277/ 3377, Email: sil@bmd.net.in

## INTEREST RATE POLICY

(Policy amended by the Board of Directors of the Company at their meeting held on 24.03.2026)

**INTRODUCTION:** Santosh Industries Limited (the "**Company**"), in compliance with the relevant Reserve Bank of India directions, 2025, has adopted an Interest Rate Policy. This policy takes into account various relevant factors such as the cost of funds, operating costs, margin, credit risk, tenor of the loan, and risk premium, among others, to determine the rate of interest to be charged on loans and advances.

Further, as mandated under the relevant RBI Directions, the Company ensures that the rate of interest, the rationale for charging different rates to different categories of borrowers, and the approach for risk gradation are:

- Disclosed clearly in the loan application form; and
- Explicitly communicated to the borrower/customer in the sanction letter.

In accordance with the above, Santosh Industries Limited has formulated this Interest Rate Policy ("**Policy**") to ensure transparency, fairness, and consistency in the determination and communication of interest rates.

This Policy is also framed in line with:

- Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and provisioning) Directions, 2025.
- Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025.

**OBJECTIVE OF THE POLICY:** The objective of this Policy is to standardize the methodology used to charge interest rate for different category of customer segments and to decide on the principles and approach of charging spreads to arrive at the final rates charged from the customers for its lending business; The Company shall document the rationale for the interest rate determined for each loan at the time of sanction. The interest computation methodology shall form part of the credit appraisal memorandum and sanction documentation.

**METHODOLOGY:** The average yields and the Rate of Interest under each product shall be decided from time to time, giving due consideration to the following factors:
(a) The cost of funds on the borrowings, as well as costs incidental to those borrowings, taking into consideration the average tenure, market liquidity and refinancing avenues etc.

(b) rating cost in our business and maintaining the stakeholder's expectations for a reasonable, market-competitive rate of return

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(c) Inherent credit and default risk in our business, particularly trends with sub-groups / customer segments of the loan portfolio

(d) Nature of lending, for example unsecured/secured, and the associated tenure

(e) Nature and value of securities and collateral offered by customers

(f) Subventions and subsidies available, if any

(g) Risk profile of customer i.e. professional qualification, stability in earnings and employment, financial positions, past repayment track record with us or other lenders, external ratings of customers, credit reports, customer relationship, future business potential etc.

(h) Industry trends i.e. offerings by competitor.

**INTEREST RATE MODEL:** The Company lends money to its customers through Fixed rate loans only. The Company currently caters to Corporate Borrowers only, and the Interest rates offered is based on the following factors:

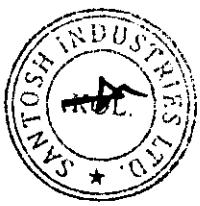
**1. Cost of Fund** – The Rate of Interest charged is also affected by the rate at which the funds necessary to provide loan facilities to customers are sourced normally referred to as internal cost of funds.

**2. Operating/Overheads cost** – It includes employee expenses, fixed and variable cost, operations cost, sales and marketing expenses, etc.

**3. Risk Premium** – Base risk premium to cover potential credit loss risk, and may vary by business, customer segment, geography, sourcing channel etc. Prices may vary depending upon internal assessment of likelihood of delinquency or potential loss from customer segments.

The interest rate applicable to loans shall ordinarily be within the range of **6% per annum to 18% per annum**.

**Regulation of excessive interest charged by Company:** The Board of an NBFC shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.



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The rates of interest and the approach for gradation of risks shall also be made available on the website of the companies or published in the relevant newspapers. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest.

The rate of interest must be annualized rate so that the borrower is aware of the exact rates that would be charged to the account. As the Company presently does not levy any processing fee or ancillary financial charges, the Annual Percentage Rate (APR) shall ordinarily be equivalent to the contractual rate of interest.

**GRADATION OF RISK:** The Rate of Interest for loans for various business segments and various schemes thereunder is arrived after adjusting for spread by the relevant business segment. The risk premium attached with a customer shall be assessed inter-alia based on the following factors:

a) Credit and default risk in the/ related business segment;
b) Historical performance of similar homogeneous clients;
c) Profile and market reputation of the borrower;
d) Industry segment;
e) Nature and value of collateral security (Secured Vs unsecured loan);
f) Subvention available;
g) Ticket size of loan;
h) Credit Bureau Score;
i) Tenure of Loan;
j) Location delinquency and collection performance;
k) Customer Indebtedness (other existing loans);
l) Regulatory stipulations, if applicable, and
m) any other factors that may be relevant in a particular case and as deem fit by the Board of Directors of the Company.

The rate of interest for the same product and tenor availed during the same period by different customers need not be the standardized one. It could vary for different customers depending upon consideration of all or any combination of above factors.

**PROCEDURAL ASPECTS:**

**A. The Company shall communicate to the customer:**

- The amount of loan sanctioned along with the terms and conditions including annualised rate of interest,
- Details of the default interest payable by the customers in relation to their loan account and method of application.
- The Company presently does not levy processing fees, appraisal fees, documentation fees, commitment charges, administrative charges, prepayment charges, foreclosure charges, or

SANTOSH INDUSTRIES LTD. KOL.

any other ancillary fees. In case of any change in any of the terms and conditions / caveats / any information which is relevant from the point of view of the transaction (including annualized rate of interest), the same shall be conveyed to the customer as an addendum / additional annexure to the agreement/term sheet. However, all the relevant formalities (e.g., further legal documentation, approval of customer, certification of DMI officials etc.) relating to such change shall be documented and a copy of the same shall also be sent to the customer. The same may be communicated through electronic media or any other form of communication by the employees of the company and shall be duly approved by the customer and certified by the authorized official of the company. The acknowledgement of the receipt of the said additional document shall also be preserved on the records by the company officials in a chronological manner for future reference.

- The Company shall also ensure that changes in interest rates and charges are affected only prospectively.

**MONITORING & REVIEW OF THE POLICY:** The Policy shall be amended and modified with approval of the Board. The Board of Directors of the Company shall monitor and review the Policy from time to time. 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.

SANTOSH INDUSTRIES LTD.

*Director/Authorised Signatory*