

# **INTEREST RATE POLICY**

<b>Trillionloans Fintech Private Limited</b>	<b>Approval Date: 07<sup>th</sup> August, 2023</b>
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## **1. Background**

As per RBI guidelines, the Board of Directors of all Non-Banking Financial Companies (NBFCs) have been advised to lay out appropriate internal principles and procedures in determining interest rates, processing charges and any other charges, taking into account considering relevant factors such as cost of funds, risk premium, other costs, margin, etc.

Accordingly, the Company has put in place this policy, which is based on the Master Direction-NBFC- Non-Systemically Important-Non-Deposit Taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 including any subsequent amendments/instructions issued by RBI.

The Policy has been approved by the Board of Directors of the Company and any changes would need to be approved by the Board.

## **2. Objective of the Interest Rate Policy**

It is the objective of this Policy, to standardize the methodology used to charge rate of interest along with other charges, for different customers and for all loans offered by the Company.

## **3. Oversight of Interest Rate Policy**

The Board of Directors shall have oversight of the Interest Rate Policy of the Company. In order to ensure effective implementation of the Policy, the Board may delegate the implementation of the Policy along with its operational aspects to the ALCO Committee.

## **4. Asset Liability Committee (ALCO)**

- a) The ALCO Committee shall be responsible for taking decisions on changes in interest rate.
- b) The ALCO Committee will meet as and when required.
- c) Changes to interest rate or any other charge of any existing or new loan product in the Company shall be discussed and agreed upon by the members of the ALCO Committee.
- d) ALCO Committee composition and its charter is the same as mentioned in the ALM Policy

## **5. Interest Rate Model**

- a) The rate of interest for various loan types and various schemes thereunder would be priced primarily on the basis of cost of funds and risks associated with the counterparty, their Industry segment, channel of sourcing and their possibility of default.
- b) The Company may offer different interest rates to different customers based on loan amount, tenor, down payment, payment history, credit score provided by credit information companies, customer's age, and income, as well as type of documents provided by the customer and any other information as may be required for the purpose of credit evaluation. The rate of interest for same product and tenor availed during same period by customers would not be a standardized one but could be different for different customers depending upon consideration of any or combination of a few or all factors listed above.
- c) The rate of interest will be annualised so that the borrower is aware of the exact rate that would be charged to the account.

## **6. Other Charges**

- a) Besides interest, the Company may levy and collect fees and charges from the customer(s) for loan processing, customer care, credit assessment, ECS/ Direct Debit/ ACH mandate registration/ lodgement/ handling or for any other service provided by the Company or cost incurred by the Company related to the loan granted to the customers. These fees and charges may vary based on the asset financed, exposure limit, customer segment.
- b) Where any taxes, duties, cess are levied upon such fees and charges, same shall be recovered from the customer at applicable rates from time to time. Any such fees/ charges, or any revision therein, shall have prospective effect. These fees and charges shall be approved by the ALCO Committee.

## **7. Foreclosure and late payment charges**

- a) The Company may also levy and collect charges and penalties for prepayment/ foreclosure of loan by the customer, for delay or late payment of loan instalment and other dues to the Company and bouncing of ECS/ Direct Debit/ ACH.
- b) Foreclosure charges are specified in the sanction letter/ loan summary given to the customer.
- c) Any revision in these charges would be from prospective effect. These fees and charges shall be approved by ALCO Committee.

## **8. Communication Framework**

- a) 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, KFS, loan agreement or any such document which is shared with the borrowers.
- b) Interest Rate Policy would be uploaded on the website of the Company and any change in the rates and charges, including foreclosure charges, for existing customers would be uploaded on the website of the Company.
- c) All processing/ documentation and other charges recovered are expressly stated in the Loan Agreement and schedule of charges (SOC). They may vary based on the product type, asset financed, the exposure limit, expenses incurred in the geographical location, customer segment and generally represent the cost incurred in rendering services to the customers.

## **9. Review of the Policy**

The Policy shall be reviewed at least once in a financial year or more frequently as may be deemed required by the Company,