

**INTEREST RATE POLICY**  
**OF**  
**FINNABLE CREDIT PRIVATE LIMITED**  
**("FINNABLE")**

## **DOCUMENT REVIEW**

<b>Date of review</b>	<b>Date of next review</b>	<b>Comments/Remarks/Changes</b>
May 11, 2021	On or before May 2022	Annual Review
May 17, 2022	On or before May 2023	Annual Review
May 24, 2023	On or before May 2024	Annual Review
December 01, 2023	On or before May 2024	Modification
May 24, 2024	On or before May 2025	Annual Review
April 29, 2024	On or before May 2026	Annual Review & Modification

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## **1. PREFACE OF THIS POLICY**

As per the Reserve Bank of India guidelines, Board of each NBFC shall approve an Interest rate model that is applicable for the Company, taking in to account relevant factors such as cost of funds, margin and risk premium etc., and determine the rate of interest to be charged for loans and advances. Further, the directive states that the rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different category of borrowers should be communicated to the borrowers / customers in the sanction letters issued to them.

The Reserve Bank of India, **Master Direction - Non-Banking Financial Company -Non Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 dated 1st September 2016**, as amended from time to time (RBI Regulations), had advised the Boards of Non-Banking Financial Companies (NBFCs) to outline appropriate internal policies and procedures to define their interest rates, processing fees, and other charges. The Direction was issued as a measure against the increasing complaints the Bank received against excessive interest rates and other charges levied by NBFCs on certain loan products.

The board of directors of **FINNABLE CREDIT PRIVATE LIMITED** (henceforth referred to as "**Company**" or "**FINNABLE**") has designed a detailed interest rate policy ("**the Policy**") in accordance with the master direction issued by the Reserve bank of India (including amendments thereof) to disclose their internal guiding principles, interest rate model, rate of interest, gradations of risk and rationale for charging different rate of interest to their borrowers.

The Company shall take this Policy into consideration while making all of its decisions regarding the determination of interest rates and other charges applicable to its loan offerings.

## **2. OBJECTIVE OF THIS POLICY**

The primary objective behind drafting and adopting this policy is to decide on the principles, methodology and approach of charging spreads to arrive at final rates charged from customers and define the standard interest rates to be followed for different customer segments and loan offerings.

The Policy will also help the Company to lay down the different principles and rationale behind determining the different interest rates charged to its different customers.

The **FINNABLE** through this policy charge interest rates determined in a manner as to ensure long-term sustainability of the business by taking into account the interests of all stakeholders and developing and adopt a suitable model for the calculation of a reference rate.

### **3. INTERNAL RESPONSIBILITIES**

- a) **Board of Director:** The Board of Directors of the Company shall oversee this Interest Rate Policy and ensure its effective implementation. Further, the Board may delegate the responsibility of implementation of this Policy and other functioning aspects to the any director and/or ALCO as it deems fit.

### **4. INTEREST RATE MODEL**

The company's borrowings and all its loans to borrowers shall be on **Fixed Rates**.

**FINNABLE** being a NBFC, engaged in the business of lending money to cater the needs of different customer segments. The primary target audience for the Company's offerings include:

- Unsecured Personal Loan

The Company shall determine the interest rate applicable to each loan account based on different yardsticks such as tenure of the loan, borrower's profile, borrower's repayment capacity, past repayment track record of the borrower, etc.

### **5. BENCHMARK ESTABLISHING THE INTEREST RATE**

The interest rate applicable to different loan products of the Company shall be determined by taking the following aspects into consideration:

<b>Sr. No</b>	<b>Factor</b>	<b>Description</b>
1	Weighted Average cost of borrowing	The Company borrows funds through term loans, from the Lenders. Weighted average cost of borrowing of such funds is taken for bench mark calculation.
2	Cost of Equity	<b>FINNABLE</b> needs to put some equity portion to run the business and the cost of such equity is taken into consideration.
3	Fund raising cost	It includes processing fees on term loans.
3	Opex Cost	It includes employee expenses, branch related fixed and variable costs, operations costs, sales and marketing expenses etc
5	Risk Premium	Base risk premium to cover business-related risks and would vary by business, customer segment, geography, sourcing channel etc.
6	Base ROA	Base Return on assets is the minimum return expected by the company on its assets.

## **6. PRINCIPLES BEHIND CHARGING DIFFERENT INTEREST RATES**

The Company shall take the following factors into account for charging different interest rates to its different customers:

- Risk associated with credit and probability of default of the borrower.
- Track record of borrowers with similar backgrounds.
- Historical performance of similar homogeneous borrowers
- Profile of each loan borrower.
- The repayment history of the borrower.
- Ticket size of the loan.
- Credit Bureau score of the borrower.
- Duration of the loan.
- Collection performance in the geographies to which the borrower belongs.
- Existing debts of the borrower.

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

## **7. ADDITIONAL CHARGES**

Besides interest, the Company will levy additional financial charges such as loan processing fees, bounce charges, penal interest charges, pre-payment/foreclosure charges, late payment fees, etc., wherever considered necessary.

Any change in the charges will inform borrowers in advance and apply prospectively.

### **Penal Charge for different loan products:**

- i. Penal charges shall be separate from normal interest and shall be charged on principal and interest overdue (amount under overdue) and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances.
- ii. The Penal charges shall be capped to the extent of the annualised interest rate, calculated on the amount under default based on the number of the days the default is subsisting.
- iii. There will be no discrimination in the levy of penal charges within a particular loan / product category agreed at each partnerships/program. For instance, the penal charges in case of loans sanctioned to the individual borrowers for purposes other than business shall not be more than that levied on non-individual borrowers for similar noncompliance of material terms and conditions.

- iv. The quantum and reason for penal charges shall be clearly disclosed to the customers in the loan agreement and sanction letter/Key Fact Statement (KFS) as applicable and be displayed on the website under Interest rates and Service Charges.
- v. In addition to the upfront disclosure about the applicable penal charges, intimation shall also be sent to all borrowers about the applicable penal charges whenever reminders for non-compliance of material terms and conditions of loan are sent and at the time of levy of the penal charges along with the reasons thereof.
- vi. Claims for refund or waiver of charges / penal charges/ additional charges would normally not be entertained by the company, and it is at the sole discretion of the company to deal with such requests.
- vii. **Annexure 2** contains the details of penalties, fees and charges.

### **8. OTHER PROCEDURAL ASPECTS**

The Company shall adhere to the following procedural aspects with regards to the rate of interest charged on its different loan offerings:

- a) The Company shall inform the borrower about their loan amount; annualised rate of interest and other details of the loan at the time of sanctioning the loan.
- b) The Company shall give notice to the borrower in English language with an option to choose a vernacular language as understood by the borrower of any change in the terms and conditions of the loan, including disbursement schedule, interest rates, service charges, prepayment charges etc. Further, any changes in the rate of interest shall be effected only prospectively and the loan agreement shall contain the necessary provisions in this regard. The same may be communicated through electronic media or any other form of communication by the Company.
- c) Other charges such as processing fees, additional interest charged on delayed payments and bounce charges shall also be mentioned in the Loan Agreement and Key Fact Statement ("KFS").
- d) Moratorium - The Company may consider necessary moratorium for payment of interest and repayment of principal amount with proper built-in pricing, on a case-to-case basis.
- e) No Grace Period - Interest will be payable by the customer / borrower on or before the due date stipulated therefor in the loan agreement entered into by the customer/ borrower with the Company. No grace period will be allowed to the customer / borrower for payment of interest, unless the loan agreement expressly provides for the same. The Company shall display its interest rate policy and interest rate structure for each loan product on its website.

- f) The annualised rate of interest shall be intimated to the borrower so that they are aware of the exact rates charged to the account.
- g) The Company shall inform its customers about any increase in fees or charges via different communication channels such as SMS, email, website updates, etc.

### **9. Annual Percentage Rate (APR):**

APR is the annual cost of credit to the borrower which includes interest rate and all other charges associated with the credit facility. The Company shall provide KFS to all the borrowers as per RBI circular RBI/2024-25/18 DOR.STR.REC.13/13.03.00/2024-25 dated April 15, 2024, which shall inter alia contain APR.

### **11. COOLING OFF PERIOD**

The customer will be provided with a clear option to exit a loan by repaying the principal and the applicable proportionate APR without incurring any penalties during this time. The cooling-off period 15 (fifteen) days from the date of disbursement of the loan.

### **10. REVIEW OF THIS POLICY**

This Policy shall be reviewed by the Company's Board of Directors annually, or as and when any changes are necessitated to the Policy. The Chief Executive Officer /or Committee may suggest changes or modifications to the Policy and present it before the Board for its approval and adoption.

**Annexure 1**

**INTEREST RATE MODEL**

<b>Category of Product</b>	<b>Tenure of Loan</b>	<b>Rate of Interest</b>
Unsecured Personal Loan	Upto 60 months	Upto 30.99% p.a.

**Annexure 2**

**DETAILS OF PENALTIES/FEES/CHARGES**

<b>Sr No.</b>	<b>Particulars</b>	<b>Penalties/Fees/Charges</b>
1.	Processing Fees	Upto 5% on Loan Amount
2.	Bounce Charges	INR 450/-
3.	Foreclosure charges	Upto 6% on Loan Amount
4.	Penal Charges	24% p.a on overdue EMI