

# True Credits Private Limited



## Interest Rate Policy

**Document Number: TC-IRP**

---

*(This policy was reviewed and approved by the Board of Directors in the Board Meeting held on November 17, 2023.)*

## Document Details

Particulars	Details
<b>Title</b>	Interest Rate Policy
<b>Version</b>	V0.6
<b>Classification</b>	Public
<b>Description</b>	Policy for determining Interest Rates, Processing and Other Charges
<b>Review Date</b>	November 17, 2023
<b>Custodian</b>	Legal, Compliance and Regulatory Affairs Department
<b>Approved/Reviewed By</b>	Board
<b>Owner</b>	Legal, Compliance and Regulatory Affairs Department

## INDEX

<b>Sr. No.</b>	<b>Particulars</b>	<b>Page No.</b>
1.	Introduction	4
2	Objective	4
3.	Role of Board of Directors	4
4.	Determination of Interest Rates on Loans and Credit Facility	4
5.	Processing Fees / Commitment Fee / Other Charges	5
6.	Communication To Customer	5
7.	Waiver / Reduction Of Charges	6
8.	Amendments To This Policy	6

## 1. Introduction

- a. The Reserve Bank of India (“RBI”) vide its Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 advised all Non-Systemically Important Non-Deposit taking NBFCs to lay out appropriate internal principles and procedures in determining interest rates, processing fee and other charges. RBI also directed to make the policy available on the website of the NBFC, and update whenever there is a change.
- b. The Board of Directors of True Credits Private Limited (“Company”) in their meeting held on October 25, 2019, had adopted the Interest Rate Policy (“the Policy”) in accordance with the RBI Directions earlier applicable on the Company. The same has now been revised to reflect the changes in internal policies etc.
- c. This Policy should always be read in conjunction with extant RBI guidelines, directives, circulars and instructions.

## 2. Objective

The main objectives of this Policy are to:

- a. Ensure that interest rates are determined in a manner as to ensure long term sustainability of business by taking into account the interests of all stakeholders,
- b. Develop and adopt a suitable model for calculation of a interest rate;
- c. Enable fixation of interest rates which are reasonable: both actual and perceived;
- d. Ensure that computation of interest is accurate, fair and transparent in line with regulatory guidelines and market practices;
- e. Charge differential rates of interest linked to the risk factors as applicable;
- f. Decide on the principles, methodology and approach of charging spreads to arrive at final rates charged from customers.

## 3. Role of Board of Directors

The Board of Directors shall have oversight for the interest rate Policy of the Company. In order to ensure effective implementation of the Interest Rate Policy, the Board may delegate the implementation of the Policy and its operational aspects to the Managing Director and/or Asset Liability Management Committee (“ALCO”) as it deems fit.

Managing Director and/or ALCO shall review the Business/Loan products of the Company along with incidental matters relating thereto considering the relevant factors and make suitable changes therein as and when required.

## 4. Determination of Interest Rates on Loans and Credit Facility

The Company lends money to its customers mainly through digital platforms and has various products to cater to the needs of different categories of customers.

The interest rate of each product is decided from time to time, giving due consideration to the following factors:

- a. **Cost of Capital** : To run the business, the Company has been infused with equity share capital in huge proportions, and accordingly the cost of such equity share capital being infused shall be taken into consideration.
- b. **Weighted Average cost of Borrowing**: Since the Company borrows funds from various banks, financial institutions and other external lender(s), the weighted average borrowing cost, as well as costs incidental to those borrowings like brokerage, consultancy fees, processing fees shall be taken into consideration. The

cost of borrowings varies according to market conditions thus pricing of interest rates shall be consequently impacted and decided accordingly.

- c. **Risk:** Risk related to loss of credit due to short tenure of loan, nature of facility, ticket size of loan, geographical condition, customer segment, sourcing channels, stability in earnings and employment, financial position, past repayment track record with us or other lenders, external ratings of customers, credit reports, customer relationship, other existing indebtedness, results from digital verifications etc.. Therefore, risk of recovery of loan shall be taken into consideration and accordingly the risk premium would be reckoned.
- d. **Opex Cost:** It includes employee expenses, office and infrastructure related fixed and variable costs, operations costs, sales and marketing expenses, etc.
- e. **Profit Margin:** Fair profit margin is added to arrive at the lending rate. The company may at its discretion fix different margins for different customers , considering the risk of default. All customers will however be notified of the interest payable for the loan to be availed from the company.

#### 5. Processing Fees / Penal Charges / Other Charges

- a. Besides interest, other financial charges like processing fees, Equated Monthly Installment (EMI) bouncing charges, penal charges on late repayment of a loan or EMI , rescheduling charges, prepayment / foreclosure charges, part disbursement charges, charges for issue of statement accounts etc., would be levied by the company wherever considered necessary. Besides these charges, stamp duty, service tax / GST and other cess would be collected at applicable rates from time to time. Any revision in these charges would be implemented on a prospective basis with due communication to customers.
- b. The Company shall ensure that no capitalisation of penal charges i.e., no further interest computed on such charges. The Company shall also not introduce any additional component to the rate of interest and ensure its strict compliance.
- c. The Company shall ensure that the quantum of penal charges is reasonable and commensurate with the non compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.
- d. The Company shall display the quantum and reason for penal charges to the customers in the loan agreement and / Key Fact Statement (KFS) as applicable.
- e. The applicable penal charges, as updated from time to time, shall be displayed on the Company's website.
- f. The Company shall ensure that the applicable penal charges are clearly communicated to the borrowers, whenever reminders for non-compliance of loan terms are sent to borrowers.
- g. Any instance of levy of penal charges and the reason therefore shall also be appropriately communicated to the borrowers.
- h. The Managing Director will determine these charges after considering the recommendation made by the ALCO in this regard.

#### 6. Communication To Customer

- a. The Company shall 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 Policy would be uploaded on the website of the company and any change therein would be uploaded on the web site of the Company.
- b. Changes in the rates and charges for existing customers, if any, would be communicated to them through various modes of communication such as on the website, digital platform and/or via email, letters, SMS, etc. However, the company would ensure that there is no change during the tenure of the loan for such loans which had already been contracted with customers

**7. Waiver / Reduction Of Charges**

- a. Managing Director or Business Head Loan of the Company be authorized to waive-off / reduce any amount including Principal amount / Interest Rates, Processing and Other Charges, at their own discretion, as may deem fit. Further, aforesaid officials may delegate this authority in favor of any other person.

**8. Amendments To This Policy**

- a. The Managing Director is authorized to make appropriate changes to this Policy on the recommendations of the ALCO taking into account changes in the money market scenario in the Country which includes the upward / downward revision in interest rates applicable to various loan products and the relevant charges applicable for such loan products. The Managing Director will report such changes to the board for ratification by the board in its next meeting.