

INTEREST RATE AND OTHER SERVICE CHARGES POLICY

Version no.	5
Original date of adoption of Policy (V.1)	15th April, 2016
Current date of adoption of Policy (V.5)	10th June, 2024
Policy Owner	Speel Finance Company Private Limited
Approved by	Board of Directors
Review Cycle	Annually

Version History

Version	Date	Approved by
1.0	15th April, 2016	Original Policy
2.0	7th September, 2022	Updation & review of the policy.
3.0	7th March, 2023	Updation & review of the policy.
4.0	3rd May, 2023	Updation & review of the policy
5.0	10 th June, 2024	Policy changed to adopt the guidelines as per Scale Based Regulations and to constitute Risk Management Committee

Review History

Review	Date	Changes
1.0	12th April, 2017	Annual Review (in event of policy not being updated during the year otherwise)
2.0	9th April, 2018	Annual Review (in event of policy not being updated during the year otherwise)
3.0	18th April, 2019	Annual Review (in event of policy not being updated during the year otherwise)
4.0	5th May, 2020	Annual Review (in event of policy not being updated during the year otherwise)
5.0	20th April, 2021	Annual Review (in event of policy not being updated during the year otherwise)

1. BACKGROUND:

As per the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, dated September 1, 2016 and amended by RBI vide circular RBI/2023-24/55 DOR.MCS.REC/32/01.01.003/2023-24 dated Aug 18, 2023 on Guidelines pertaining to Fair Practice Code for reset of floating interest rate on EMI based Personal Loans and as updated from time to time, all the 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 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. 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 as and when there is a change in the rates of interest.

2. OBJECTIVE OF THE POLICY:

1. To arrive at the benchmark rates to be used for different category of borrower segments and to decide on the principles and approach of charging spreads to arrive at final rates charged from borrowers.
2. Communicate the annualised rate of interest to the borrower along with the approach for gradation of risk and rationale for charging different rates of interest to different categories of borrowers.
3. Make available the rates of interest and the approach for gradation of risks on the web- site of the companies.

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 will review the Business/ Loan products along with incidental matters relating thereto considering the relevant factors and make suitable changes therein as and when required.

4. REVIEW OF POLICY:

Any change in the benchmark rate would be decided by the Board of Directors; such changes if any to be approved by the Board in the subsequent Board Meeting. The policy would be reviewed by the Board as and when required but at least once in a year.

The Board shall have the authority to fix the internal pricing under the overall framework of board approved interest rate policy for deciding the spreads to arrive at the final rate to be charged to the customers.

5. INTEREST RATE MODEL:

The rate of interest shall be determined based on the cost of borrowed funds, matching tenure cost, market liquidity, refinance avenues, RBI repo rate, offerings by competition, tenure of customer relationship, cost of funds etc. In addition to the cost of funds, the rate of interest shall further be determined with risk premium which is based on the inherent credit and default risk in the products and customer per se arising from customer segment, profile of the customers,



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professional qualification, stability in earning and employment and repayment ability, overall customer yield, nature and value of primary and collateral securities, past repayment track record of the customers, external ratings of the customers, industry trends etc.

The Company may adopt an interest rate model whereby the rate of interest for same product and tenure availed during same period might differ from customer to customer depending upon consideration of any one or combination of a few or all factors as listed above. Hence, the interest rate applied may be different from customer to customer on his/ her loans.

"Fixed Rate of Interest" means the Fixed rate of interest applicable on the Loan which shall be charged to the borrower as communicated to them through the loan documentation.

Depending upon various risks and returns from the products financed by the Company, the company lends money through fixed interest. Details of various products and nature of interest rates currently offered by the Company are as under:

Product Segment	Nature
Personal Loans	Fixed

The Interest rate benchmark shall be calculated considering the sum of below factors including prevailing market factors and any other factors suggested by the Board.

1. **Base Cost of funds:** The Company borrows funds through various long term and short-term sources including term loans, Non- Convertible Debentures, Working Capital (CC/WCDL), Commercial papers, ICDs etc.

Weighted Average cost of all borrowings (including other costs like Processing Fee, brokerage etc.) over average borrowings to be considered for benchmark calculation.

2. **Estimated variable Opex:** It includes estimated fixed and variable operations cost including employee expenses, administration expenses, sales and marketing expenses etc.
3. **Expected ROA:** Expected Return on assets is the minimum return expected by the company on its income earning assets.

RISK GRADATION APPROACH

The following factors are considered for risk gradation approach of calculation of interest rate:



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- **Borrower Profile:** Factors like age, number of dependents, residential stability, type of employment, length of service, income, and business vintage/growth are considered.
- **Repayment History:** Past repayment track record and past association with the NBFC are taken into account.
- **Credit Score:** Credit scores are used to assess risk.
- **Market and Industry Trends:** Relevant market and industry trends are considered.

6. OTHER CHARGES:

Other financial fees and charges for the loans like processing fees, operating charges like first day default charges, late payment charges / Penal Charges, rescheduling charges, pre-payment / foreclosure charges, charges for issue of statement account etc., would be decided by the Board of Directors, considering market practices, applicable RBI guidelines and in consultation with Operations Head.

Legal charges like stamp duty, service tax and other cess would be collected at applicable rates from time to time and would be decided upon by the Board in consultation with Finance and Legal Heads.

7. COMMUNICATION OF INTEREST RATE/ CHARGES:

Interest rates/ other charges would be intimated to the customers at the time of sanction / avilment of the loan by the Company. The Interest Rate Model along with the rate of Interest charged to the customers shall be uploaded on the website of the Company and shall be updated as and when there are changes in the rates. Further, changes in the rates for the existing customers shall also be communicated to them.

8. REVIEW OF POLICY:

The Policy shall be reviewed at such intervals as the Company may deem necessary, but at least annually, unless otherwise required by statutory provisions. Any regulatory changes in this regard shall be incorporated into the Policy from time to time.