



INTEREST RATE POLICY

V.03

**DOCUMENT CONTROL:**

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V.02	Mr. Madhur Goel	Mrs. Gunjan Jain and Mr. Pankaj Gupta	Board of Directors	03 rd February, 2024	03 rd February, 2024	Amended pursuant to RBI (NBFC – Scale Based Regulation) Directions, 2023
V.03	Mr. Sumit Garg	Mrs. Gunjan Jain, Mr. Madhur Goel and Mr. Prakash Pogaku	Board of Directors	02 nd September, 2026	02 nd September, 2026	Amended pursuant to RBI (NBFC – Responsible Business Conduct) Directions, 2025



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1. Introduction & Objective

As a registered Non-Banking Financial Company (NBFC) with the Reserve Bank of India (RBI), Mufin Green Finance Limited (the "Company") is committed to ensuring transparency, fairness, and accountability in its lending practices.

The primary objective of this policy is to establish guiding principles for determining interest rates, processing fees, and other charges for the Company's various green and sustainable credit products (such as Electric Vehicle (EV) and ecosystem loans, solar financing, Loan to Corporates, Mediclaim Premium Financing, Personal Loans, Short Term Personal Loans and Loan against Mutual Funds). This policy aligns with the Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 (as amended from time to time).

2. Core Pillars of Interest Rate Determination

The Company does not follow a uniform or rigid interest rate matrix. The rate of interest for each loan product and borrower category will be decided by the **Asset Liability Management Committee (ALCO)** or the **Board of Directors**, guided by the following core components:

- **Cost of Funds:** The primary interest cost and incidental charges payable by the Company for mobilizing capital through term loans, external commercial borrowings (ECBs), and non-convertible debentures (NCDs), WCTL.
- **Overhead & Operational Costs:** General establishment costs, employee costs, technological infrastructure (e.g., green tech underwriting tools), sourcing costs via Fintech tie-ups, and collection operational expenses and other overheads
- **Risk Premium (Risk-Based Pricing):** A grading mechanism based on the credit profile of the borrower, asset type, and transaction structure to account for potential credit defaults.
- **Fair Return on Capital Employed:** A margin intended to generate a fair return for shareholders and sustain corporate growth.
- **Market Dynamics:** Competitive analysis of rates charged by other peer NBFCs and commercial banks.

3. Organisation Structure

3.1 Board of Directors

The Interest Rate Policy will be approved by the Board of Directors and the board shall have oversight on the same.

3.2 Asset Liability Committee (ALCO)

Any change in the benchmark rate would be approved by ALCO and put up to the RMC/ Board for approval/ noting. Any rate changes done outside of the ALCO cycle would be done through a sub-committee consisting of MD, CFO, Treasurer and the relevant senior business team members. Any such change will be subsequently ratified by ALCO.

4. Interest Rate Model

MGFL offers fixed rate loans to its customers. The rate of interest should be always defined as interest rate, per annum so that the borrower is aware of the exact rates that would be charged to the account. MGFL being a diversified NBFC offers various loan products to cater to needs of different categories of customers. Broad business/ product categories are as follows.

1. Electric Two-Wheeler (E2W) / Three-Wheeler (E3W) Finance
2. Electric Four-Wheeler (E4W) & Fleet Loans Finance
3. Solar Rooftop & Clean Energy Finance
4. SME Sustainable Business Finance
5. Corporate Loans
6. Personal Loans



7. Short Term Personal Loans
8. Mediclaim Premium Financing
9. Loan Against Mutual Funds

5. Pricing Matrix by Loan Product Segment

The Company uses a risk-based credit scoring model (incorporating bureau scores like CIBIL/Experian, bank statements, and asset-specific metrics) to define the final interest rate.

- Profile of the borrower and Industry segment
- Credit risk - Customer Indebtedness (other existing loans), Location delinquency and collection performance, Bureau Score, Credit and default risk in the related business segment, Historical performance of similar homogeneous clients, etc.
- Nature of product - Secured Vs unsecured loan, Ticket size of loan, Tenure of Loan, Repayment track record of the borrower
- Nature and value of collateral security,

Loan Category	Product	Indicative Annual Interest Rate (p.a.)	Standard Tenor Range	Key Pricing Drivers
Electric Two-Wheeler (E2W) / Three-Wheeler (E3W) Loans		16% – 28%	12 to 36 Months	Bureau score, down payment margin, commercial vs. personal usage intent, manufacturer tie-up.
Electric Four-Wheeler (E4W) & Fleet Loans		16% – 24%	24 to 60 Months	Bureau score, Fleet operator track record, structural contract stability, driver credit profile.
Solar Rooftop & Clean Energy Financing		16% – 24%	36 to 84 Months	Bureau score, Collateral provided, commercial vs. residential installation, project payback period.
SME Sustainable Business Loans		16% – 24%	12 to 48 Months	Bureau score, GST records, financial statements (P&L, Balance Sheet), industry risk exposure.
Corporate Loans		16% – 24%	3 Months to 60 Months	Bureau score, GST records, financial statements (P&L, Balance Sheet), industry risk exposure, Security Offered
Personal Loans		10% - 24%	3Months to 36 Months	Bureau Score, FOIR, End Use
Short Term Personal Loans		60% - 270%	1 month to 8 months	Bureau Score, Bank Statement
Mediclaim Premium Financing		12% to 24%	3 Months to 36 Months	Bureau Score, FOIR, End Use, Margin Contribution



Loan Against Mutual Funds	12% to 24%	3 Months to 36 Months	Bureau Score, Security Margin
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*These Interest Rates are valid for the product being done by Mufin Green directly and/or through Partnerships in Co-lending and BC Model.

6. Processing Fee and Other Charges

Processing Fee: Company can Charge Processing Fee upto 10.00% for all the products.

Other Charges: Besides interest, other charges like processing fees, late payment charges, re-schedulement charges, pre-payment / foreclosure charges cheque bouncing charges, part disbursement charges, cheque swap charges, security swap charges, charges for issue of statement account etc., would be levied by the Company to the borrowers. Besides these charges, stamp duty, service tax and cess would be collected at applicable rates from time to time. Any revision in these charges would be applicable with prospective effect. These charges would be decided and approved/noted by the Board. MGFL will ensure adherence to the business conduct practices and ensure fair pricing of products and services. This will also be transparently communicated to the customers as part of terms and conditions of all loans sourced.

7. Risk Interest Component (Risk Grading)

To arrive at the final customized interest rate for a specific borrower, a Risk Premium is added to the base operating rate. The risk grade is evaluated using:

- **Credit History:** Bureau scores (CIBIL/Equifax/ CRIF/ Experian). Borrowers with no history ("Nil" score) or minor technical defaults are charged a suitable risk premium rather than immediate rejection.
- **Asset Quality:** Depreciative risk of Vehicle, asset lifecycle, and geographical location of operation.
- **Fintech & Co-Lending Partnerships:** Sourcing models and underlying credit guarantees (FLDG or similar models) through partnered Fintech channels will directly impact final pricing variations.

8. Penal Charges & Statutory Adjustments

In compliance with the latest RBI directives on fair lending practices:

- **No Penal Interest:** Any penalty levied due to non-payment of dues or non-compliance with the loan agreement terms will be charged strictly as Penal Charges.
- **Non-Capitalization:** Penal charges will be billed separately and will not be added to the principal outstanding amount (i.e., no compounding interest will be charged on the penalty itself).
- The quantum and reason for penal charges should be clearly disclosed in the loan agreement and KFS, where applicable, and on the NBFC's website under interest rates/service charges.
- The NBFC must have a Board-approved policy governing penal charges.

9. Transparency and Disclosures (Fair Practices Code)

- **Key Fact Statement (KFS):** The final individualized annualized interest rate, processing fee, and penal charge matrix will be explicitly disclosed to the borrower in a standard KFS document before loan execution.
- **Annual Percentage Rate (APR):** The annualized percentage rate and its detailed information will be disclosed to the borrowers at the time of loan disbursement. Please note that a variance of up to 0.50% may occur between the estimated APR on the loan agreement and the final APR in the system due to system calculations or roundoff.
- **Communication:** Interest rates should be communicated to the customers in a fair and transparent manner at the time of sanction / availing of the loan. The loan sanction letter and



agreement will clearly articulate the payment schedule and the structural components of the loan. Any changes in the benchmark rate, spread and/or charges for existing customers should be communicated in a transparent manner through acceptable modes of communication such as letter, email, SMS, etc.

- **Website Publication:** Interest Rate Policy should be uploaded on the website of the company and any change in the benchmark rates and charges should also be uploaded on the web site of the Company.

10. Regulatory Compliance and Precedence

In the event of any conflict or inconsistency between the provisions of this Policy and the applicable laws, rules, regulations, notifications, circulars or directions issued by the Reserve Bank of India (RBI) or any other competent authority, the provisions of the applicable law or regulatory requirements shall prevail.

11. Policy Review Framework

The Board of Directors or an authorized sub-committee will review this Interest Rate Policy periodically (at least once a year) to adjust for macroeconomic shifts, changes in RBI repo rates, or evolving market conditions or Borrowing cost of the company. Any changes to pricing templates will only apply prospectively, and existing borrowers will be served due notice for structural modifications if applicable.
