

Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans

Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans If the Borrower has taken the loan for personal purposes and chosen Adjustable Rate of Interest ('AIR') or Combined Rate of Interest, in case of reset of the rate of interest, the Borrower has the option to opt to switch to Fixed Rate of Interest ('Switch Option') by communicating the same in writing to the Lender within 5 Business Days. The Switch Option shall be available to the Borrower only once during the tenor of the Facility. In the event the Borrower has not communicated his/her choice within the aforementioned timelines, it shall be deemed that the Borrower has chosen not to exercise the Switch Option.

In case of any variation, adjustment in the Rate of Interest, (i) the Monthly Instalment amount of the Facility shall continue to remain the same as it was immediately prior to the change in the rate of interest and the number of Monthly Instalments and tenure of the Facility shall vary accordingly unless the Borrower communicates to the Lender within 5 Business Days that (a) the Borrower wishes to opt for change in the Monthly Instalment amount while keeping the tenure and the number of monthly instalments the same or (b) the Borrower wishes to opt for combination of change in the Monthly Instalments as also change in the tenure and number of Monthly Instalments. Provided however, if the increase in tenure and number of Monthly Instalments exceeds the limit permissible to the Lender as per its policies or results in negative amortisation, the variation, adjustment in the rate of interest shall be done by enhancing/changing the Monthly Instalment amount without changing the tenure and the number of Monthly Instalments (ii) the Borrower shall also have the option to prepay the Facility either in full or in part in accordance with the provisions with regard to prepayment set out in this Agreement.

The possible impact of any of the above-mentioned options chosen by the borrower in case of reset of floating rate by TCL, can be understood through below mentioned example/illustration:

Customer Name	Mr./Mrs./Ms. ABC
Loan outstanding (INR)	1,00,00,000
Existing Floating ROI	12%
Balance Tenure (months)	144
EMI (INR)	1,31,342
Increase in ROI (resetting)	0.25%
Revised Effective ROI	12.25%

Options Available	Impact	Result (Appx)
Elongation (or Reduction) of EMI	If the borrower chooses to increase the EMI, keeping the balance tenure constant	EMI increase to Rs. 1,32,860 from Rs. 1,31,342
Elongation (or Reduction) of tenor	If the borrower chooses to increase the balance tenor, keeping the EMI constant	Balance Tenure increases to 148 months from 144 months
Combination : Increasing EMI (marginally) and Tenor	Increase the Balance Tenure to 146 months and give balance effect on EMI	Balance Tenure increased to 146 months from 144 months and EMI increased to Rs. 1,32,059 from Rs. 1,31,342
Prepayment in part	Borrower decides to part pay Rs. 2,00,00	For the Balance Outstanding post part pre-payment, the customer can exercise any of the above options with the possible impact as illustrated above

Prepayment in full	NA	Loan is Foreclosed
Switching from floating interest rate to fixed interest rate	It is based on TCL policy. Illustration: Fixed ROI offered at 15%	EMI increase to Rs. 1,50,087 from Rs. 1,31,342.

Disclaimer: The impact shown in the above scenarios are illustrative and the actual impact may differ as per the principal outstanding, applicable ROI, current EMI & tenure.