



Avanti Finance Private Limited

Interest Rate Policy

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AVANTI FINANCE PRIVATE LIMITED

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1. Introduction

Avanti Finance Private Limited (hereinafter referred to as 'the Company') has framed the Interest Rate Policy (hereafter referred to as "Interest Rate Policy" or "the Policy") in accordance with the regulatory requirements specified by the Reserve Bank of India (RBI).

2. Objectives of the Policy

This document aims to establish a framework for determining interest rates, processing charges and other charges. (All charges and rates mentioned herein are exclusive of Goods and Service Tax (GST) or any other applicable tax and the company shall charge and collect such taxes wherever applicable over and above mentioned charges and rates)

3. Methodology for determining an Interest Rate

The guiding principles for determining interest rate are as follows:

- The Board of the company 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 to be 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 electronic application form and communicated explicitly through electronic means.
- The rate of interest to be charged for loans and advances will be in the range of 9% to 24% p.a.
- The rate of interest shall be arrived at after taking into account relevant factors, such as cost of funds, margin and risk premium, including the following.
 - Tenor of the Loan – The rate of interest charged will depend on the term of the loan;
 - Internal and External Costs of Funds – The rate of interest charged will also be determined depending on the rate at which funds necessary to provide loan facilities to customers are sourced by the Company, normally referred to as internal cost of funds. From an external cost of funds perspective, the benchmark interest rate that may be used by the Company could be the 10 year Government of India bond rate or any other generally acceptable benchmark rate as adjusted for the rating spreads available in the markets.
 - Internal Cost Loading – The interest rate charged will also take into account costs of doing business. Factors such as the complexity of the transaction, the size of the transaction and other factors that affect the costs associated with a particular transaction will also be taken into account before arriving at the final rate of interest quoted to a customer.
 - Credit Risk – As a matter of prudence, bad debt provision cost should also be factored into all transactions. This cost is then reflected in the final rate of interest quoted to a customer. The amount of bad debt provision applicable to a particular transaction will depend on the credit strength of the customer.

- Fixed rate versus Floating rate – The applicable rate of interest shall also be commensurate from the perspective of the fixed versus floating interest rate requirements of the customers.
- Periodicity of Interest – Interest will be charged for the period as stipulated in the loan agreement, subject to any modifications thereto as may be agreed by and between the Company and the customer electronically.
- The rate of interest is an annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

4. General Provisions

- Changes in Terms – The Company shall give electronic 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 electronic loan agreement shall contain the necessary provisions in this regard.
- 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. However, the Credit Committee of Executives shall have discretionary power to grant a considered grace period to any customer / borrower.
- 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.
- Additional Interest and other Charges - Besides the normal interest, the Company levies additional interest for delays in payment of dues by the customer / borrower or additional interest on other facilities etc (annualised interest on the outstanding balance). The Company may charge other financial charges including processing fees, cheque bouncing charges, pre-payment / foreclosure charges, RTGS or such other remittance charges, commitment fees, charges for services like issuance of “no due certificate”, security swap charges etc along with relevant taxes.

The Company shall not charge foreclosure charges / pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.

- Communication of Interest Rate to the Customer – The Company shall convey electronically to the borrower in English language with an option to choose a vernacular language as understood by the borrower, by digital means, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and shall keep an electronic record of the acceptance of these terms and conditions by the borrower. The loan agreement shall expressly stipulate the penal interest chargeable for late payment / repayment of dues by the borrower, in bold. The apportionment of the equated monthly instalments (“EMI”) amount towards the principal and interest will also be communicated by the Company to the customer / borrower by way of the repayment schedule.
- Waiver of Additional Interest / Financial Charges – Requests by the customer for waiver of additional interest / financial charges would normally not be entertained by the

Company and such waiver will be at sole and absolute discretion of the Credit Head or a person of equivalent position, exercised on a case to case basis or any other person that the Board deems fit.

- Annualised Rates - The rate of interest shall be annualised rates so that the borrower is aware of the exact rates that would be charged to the account.
- Pre-Payment - Pre-payment options available to the customer and the penalty payable (only in case of Fixed rate loan) for exercise of such option shall be mutually agreed to on a case to case basis and communicated to the customer.
- Company Website: The rates of interest and the approach for gradation of risks shall be made available on the web-site of the company and literature issued by it. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- Though the primary mode of all operations, processes or procedures set in this Policy are electronic or digital in nature the company may at its discretion decide to use physical/written means for all or any points covered in this Policy.

5. Regulatory Reference

This policy is framed as per the following regulatory references and in accordance with leading industry practice:

- Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016

Annexure – I

Interest rate and other charges framework:

Description	Charges	
Interest Rate	Individual	Not exceeding 24% per annum on daily reducing balance
	Non-Individual	Not exceeding 18% per annum on daily reducing balance
Cheque bounce, cheque swapping	Up to a maximum of Rs. 250/- per instance	
Mandate bounce	Up to a maximum of Rs. 250 /- per instance	
Late Payment interest	Up to a maximum of 3% higher than the contracted rate for the period of delay.	
Charges for Statement Of Account / Amortization Schedule	Nil	
Prepayment charges	NIL	
Stamping charges	Reimbursed on actual basis, subject to state laws-where fixed charges irrespective of loan amount, provided by IB-where ad-valorem charges as a function of loan amount, to be procured by borrower directly.	