

Aptus Finance India Private Limited (“Company”)

Interest Rate Policy

Preface

Reserve Bank of India (RBI) vide its Master Circular on Fair Practices Code for NBFCs dated July 01, 2015, has directed all Non-Banking Financial Companies (NBFCs) to make available the rates of interest and the approach for gradation of risk on web-site of the NBFCs.

In compliance with the Fair Practices Code adopted by the Company and the RBI Master Directions mentioned above, the Company has adopted this Interest Rate Policy broadly outlining the Interest Rate Model and the Company’s approach of risk gradation in this regard for its finance business.

Methodology

The rate of interest charged to the borrowers will be linked to Aptus Finance India Private Limited Prime Lending Rate (AFIPL PLR) which will be fixed by the Asset Liability Management Committee (ALCO) from time to time taking into account the weighted average cost of funds, operating costs, negative carry on account of cash flow mismatches, portfolio risk, tenor premium and interest spread of NBFCs operating in the similar business loan segment.

The interest rate applicable to each loan account will be assessed based on multiple parameters like tenure, borrower profile, borrower’s repayment capacity based on the cash flows, inherent credit and default risk in the business, loan to value of the asset financed, type of collateral security provided by the borrower, past repayment track record of the borrower, deviations permitted, ancillary business opportunities, future potential etc.

Communication to the customer

The Company intimates the borrower regarding the loan amount, annualized rate of interest, insurance premium, processing fees, penal interest for delayed payment, cheque bounce charges, tenor of the loan and repayment schedule including instalment amount at the time of sanction/disbursement of the loan. Intimation of change of interest or other charges would be communicated to customers in a manner deemed fit, as per terms of the loan documents. Any revision in interest or other charges would be only with prospective effect.

Approach for gradation of risk

The risk premium attached with a customer shall be assessed *inter-alia* based on the following factors:

- a) Profile, financial stability and market reputation of the borrower;
- b) inherent nature of the product, type / nature of facility, loan to value of asset financed;
- c) history and duration of relationship with the borrower, past repayment track record and historical performance of similar clients;
- d) group strength, overall customer yield, future potential, repayment capacity based on cash flows and other financial commitments of the borrower;



- e) nature and value of primary and secondary collateral/security;
- f) type of asset being financed, end use of the loan represented by the underlying asset;
- g) interest, default risk in related business segment;
- h) regulatory stipulations, if applicable;
- i) any other factors that may be relevant in a particular case.

Policy display

Appropriate disclosure regarding this Interest Rate Policy and schedule of charges shall be made on the website of the Company.

Policy review

Interest Rate Policy will be reviewed periodically as and when needed and at least once in a year.