

AVASARA FINANCE LIMITED

INTEREST RATE POLICY

Approved by	Board of Directors
Policy Owner	Risk Management Committee
Version	2/2025-26

1. BACKGROUND, INTRODUCTION, PURPOSE

Reserve Bank of India (RBI) vide its Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 advised that Boards of Non – Banking Finance Companies (NBFC's) lay out appropriate internal policies and procedures in determining interest rates, processing and other charges.

In view of the said RBI Guidelines, **Avasara Finance Limited** ("**Company**" or "**AFL**"), as an NBFC, proposes to adopt this '**Interest Rate Policy**' ("**Policy**")

2. APPROVAL AND REVIEW OF THE POLICY

The Policy shall be reviewed by Risk Management Committee at least once a year or as and when required by the applicable regulations and based on such recommendations will be placed before the Board for its adoption.

3. POLICY GUIDELINES:

- 3.1. The Interest applicable to loans will be approved by the Credit Committee from time to time and same will be payable by the borrower either on monthly/quarterly/yearly/bullet rests which will be intimated to the borrowers at the time of sanction of the loan by mentioning the same in Loan Agreement or the Sanction Letter.
- 3.2. Interest rates which will range from 11% to 20% p.a. or such other rates as may be decided based on the factors such as cost of borrowed funds, inherent credit, default risk and the profile of the borrowers, market liquidity, offerings by competition, cost of capital required, industry trends, ancillary business opportunities, future potential, group strength, overall customer yield, nature and value of primary and collateral securities, etc. The rate of interest may be different for different borrowers depending upon an internal evaluation and subject to factors listed above.
- 3.3. The interest re-set period, if any, will be decided by the credit committee on case-to-case basis if the situation warrants or based on the risk perception from time to time and the same will be communicated to borrowers accordingly.
- 3.4. Besides normal interest and with due adherence to regulatory requirements, the company may levy processing fee, documentation fees, other charges, additional interest, pre-payment charges, penal interest, cheque bounce charges, etc. which will be either stated in sanction letter or loan agreement or intimated in advance via fax, mail or letter and any revision in these charges would be with prospective effect. This additional or penal interest for different products or facilities will also be approved by the Credit Committee.
- 3.5. Claims for refund or waiver of charges/ penal interest / additional interest, etc will not be entertained by the company and it is the sole discretion of the company to deal with such requests, if any.

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