AXIS BANK

Please refer below examples for calculation of penal charges

Scenario 1: (**Annual interest rate less than 16%)**: You have a loan with an EMI of INR 10,000 at 12% annual interest rate. You have missed the deadline for paying monthly EMI on the loan. As a result, EMI is now overdue for a month.

As per earlier methodology	You will have to pay penal interest at a rate of 24% per annum (p.a.) You will have to pay = ((Total outstanding EMI /365) *30) * 24% p.a. = ((10,000/365) *30) *24% = **INR 197.26**
As per revised methodology	You will have to pay Interest on Overdue EMI @ 12% (A) + penal charge @ 8% (B) You will have to pay: (A+B) A) Interest on Overdue EMI @ 12%=INR 10,000 x 12% for 30 Days=INR 98.63 B) Penal charge @ 8% = INR 10,000 x 8% for 30 days = INR 65.75 **Total = INR 98.63 + INR 65.75 = INR 164.38**

Scenario 2: (**Annual interest rate greater than 16%)**: You have a loan with an EMI of INR 10,000 at 20% annual interest rate. You have missed the deadline for paying monthly EMI on loan. As a result, EMI is now overdue for a month.

As per earlier methodology	You will have to pay penal Interest at a rate of 24% per annum (p.a.) You will have to pay = ((Total outstanding EMI /365) *30) * 24% p.a. = ((10,000/365) *30) *24% = **INR 197.26**
As per revised methodology	You will have to pay Interest on Overdue EMI @ 16% (A) + Penal Charge @ 8% (B) You will have to pay: (A+B) A) *Interest on Overdue EMI @ 16% = INR 10,000 x 16% for 30 Days = INR 132 B) Penal Charge @ 8% = INR 10,000 x 8% for 30 days = INR 65.75 **Total = INR 132 + INR 65.75 = INR 197.75**

*Interest on Overdue EMI @ 16% is taken to ensure capping of penal charges at 24%.

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