

PURSHOTTAM INVESTOFIN LIMITED

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INTEREST RATE POLICY

INTRODUCTION:

The Reserve Bank of India (RBI) vide its Notification No. DNBS. 204 / CGM (ASR)-2009 dated 2 January 2009 and its Guidelines on Fair Practices Code for NBFCs as amended from time to time (RBI Regulations) has directed all NBFCs to make available the rates of interest and the approach for gradation of risks on their website. In this regard, the RBI Master Direction DNBR. PD. 007/03.10.119/2016-17 dated September 01, 2016 advised that Boards of applicable NBFCs to lay out appropriate internal principles and procedures for determining interest rates and processing and other charges for their loans and advances. In compliance with these regulatory requirements and the Fair Practices Code adopted by the Company, 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 lending business.

INTEREST RATE POLICY:

- a) The Company shall calculate the base interest rate after taking into account relevant factors such as cost of funds, margin, risk premium, other costs such as administrative expenses and profit margin. The base interest rate shall be reviewed periodically.
- b) The interest rate applicable to each loan account shall be assessed based on multiple parameters like tenure, borrower's profile, borrower's repayment capacity based on the cash flows, loan to value of the asset financed, type of collateral security provided by the borrower, past repayment track record of the borrower, etc.

c) The Company shall disclose to the borrower or customer the rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers in the application form and communicate the same explicitly in the sanction letter.

d) The Company shall determine the risk level associated with customers and charge the interest rate accordingly with a change in the risk premium. A classification of high, medium and low risk shall be followed, whose cut-offs and definition will vary depending on the product lines.

e) The Company shall not, in any case, charge interest exceeding 24% P.A. on the loans and advances given by the Company. However, Company may levy additional interest for penal interest for any delay or default in making payments of any dues as outlined in the loan agreement and communicated in the sanction letter. The Sanctioning Authority shall record specific reasons in writing at the time of sanctioning loans, in case no interest is stipulated or a moratorium for principal or interest is granted for any period.

f) The Company shall intimate the borrower, the loan amount; annualize rate of interest and method of application at the time of sanction of the loan along with the tenure and amount of monthly/quarterly/half yearly/yearly installment, as the case may be. The other charges such as processing fees, additional interest charged on delayed payments and cheque bouncing charges, if any, shall also be mentioned in the Loan Agreement.

g) Any changes in the interest rate shall be communicated through SMS, E-mail, letter (whichever available) and notified on the website.

h) Any increase in fees or charges shall be communicated to the customer through available modes such as SMS, E-mail, statements of accounts and posted on our website one-month prior to the effective date of implementation of the revised fee/ charge.

i) The Company shall mention the annualised rate of interest so that the borrower is aware of the exact rates that would be charged to the account.

j) Appropriate disclosure regarding this Interest Rate Policy shall be made on the Company website.

k) This Policy can be modified at any time by the Board of Directors of the Company.