

**PHILLIP FINANCE & INVESTMENT
SERVICES INDIA PRIVATE LIMITED**

INTEREST RATE POLICY

1. Background and Purpose

The Reserve Bank of India (RBI) vide its circular No. DNBS.PD/CC.No.95 /03.05.002 /2006- 07 dated May 24, 2007 had advised the Boards of NBFCs to lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. In continuation of the above circular, the RBI vide its circular DNBS.204/CGM (ASR)-2009 dated January 2, 2009 has issued the following directions to NBFCs:

To comply with the above regulatory directives, Phillip Finance & Investment Services India Private Limited (“Company”), will adopt the following process/model to compute the interest rate to lend to its Borrowers. This interest rate would vary for different classes of Borrowers based on various factors described below:

- Cost of funds
- Margin available with us,
- Risk Perception,
- Track record / history of the client
- Such other criterion as may be decided by Internal Risk Committee.

2. Computation of the Interest Rate for Lending

The proposed rate of interest, for each Borrower, calculated keeping the above factors in mind shall be mentioned in the Control Sheet presented to the Credit Committee. The Credit Committee shall approve the type of loan (fixed rate or floating rate), final rate of interest and other terms and conditions. The approved rate of interest may be higher or lower than the interest rate proposed keeping in mind past / present / future business. Interest will be calculated on daily / monthly compounding on the basis of 360 days in a year. Interest will be debit to the client on monthly / quarterly basis.

3. Processing Fees / Commitment Fee / Other Charges

The Company may levy processing fees / other charges on its Borrowers for loans sanctioned on a case to case basis. Generally, this may be in the range of 1% to 3% of the sanctioned or disbursed loan amount. Processing fees / commitment fees / other charges may be reduced or waived by the Credit Committee on case to case basis.

4. Penal Interest Rate / Charges

The Borrower will be levied a penal interest rate generally in the range of 10% to 12% above the current interest rate as may be decided by the Credit Committee, if the Borrower does not service the loan on the due date or as demanded by the Company or for any other reason that the Company might deem fit. Penal Interest Rate / Charges may be increased, reduced or waived by the Credit Committee on case to case basis.

5. Applicability

This Policy shall be applicable to the Loans and Advances made by the Company and shall not be applicable to Investments of the Company.

6. Revisions

Any revision in this Policy shall be decided by the Credit Committee and shall, subsequently, be presented to the Board of Directors of the Company for its approval.

7. Disclosure

This Policy will be made available on the website of the Company in accordance with the Company’s Fair Practices Code and the guidelines of RBI.