

# PRODIGEE FINANCE LIMITED

Updated as on 01.01.2024

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## INTEREST RATE MODEL POLICY



The Interest Rate risk policy has been framed by Company, keeping in view the instructions issued by Reserve Bank of India Vide its Master Direction No. RBI/DNBR/2016-14/44 dated September 01, 2016 in which the Apex Bank has directed that the Board of each NBFC shall approve an Interest rate model for the Company, taking in to account relevant factors such as cost of funds, margin and risk premium etc. and determine the rate of interest to be charged for loans and advances.

Further, the directives state that the rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different category of borrowers shall be disclosed to the borrower/customer in the application form and communicated to the borrowers/customers in the sanction letters to them. In addition to this the Interest rate model is also required to be made available on the website of the Company so as to enable the customers to understand the logic and methodology of the lending rates charged to them.

In compliance with the said RBI directives, the Interest rate model for the Company is given below: Principles for determining interest rate for loans:

Prodigee Finance Limited, Bhopal has its own model for arriving at interest rates taking into consideration different costs borne by the company like weighted average cost of funds, un-allocable overheads and other administrative costs which is further adjusted for ALM mismatch. The weighted average cost of funds is computed considering the cost of the Company's aggregate borrowings at the month end time from various sources such as banks; loan raised from other NBFCs, non-convertible debentures or any other recognized sources.

The said rate is reviewed in the ALCO meeting (Asset Liability Management Committee)/Interest Rate Risk Management Committee meeting. The rate of interest for loans for various business segments and various schemes there under is arrived at through the Company's interest rate model, considering cost of borrowed funds, cost on account of various risk and tenor premium for the concerned business segment, business specific operating cost and margin is added to arrive at the lending rate. The final lending rate for various products offered by the Company will be arrived at after considering **the market** assets and liabilities position of the Company and keeping in view the other cost affecting market operation factors.

Apart from the cost of funds, the cost affecting factors, the issues related to reputation, interest, credit and default risk, operation risk and market risk, in the related business segment, historical performance of similar homogeneous clients, profile of the borrower, purpose of loan, and the sector like priority sector or non-priority sector under which it comes, MSME or infrastructure or real estate sector or for personal need, tenure of relationship with the borrower, repayment track record of the borrower in case of existing customer, deviations permitted, future business potential, group strength, overall customer yield, nature and value of primary and collateral security, etc. should also be taken into consideration while setting the rate of interest to be charged. Such information is gathered based on information provided by the borrower, credit reports, record of repayment of loans availed in the past and now stand adjusted and existing loans, Borrowers credentials, credit opinion reports from other banks/FI if available, Due diligence report, market intelligence and information gathered by field inspection of the borrower's premises, and internal credit rating of the borrowers.

As per the Company's policy, the rate of interest for the same product and tenor availed during same period by different customers need not to be standardized, since it could vary from customer to customer depending upon consideration of any of combination of above factors. The interest rates could be offered on a fixed or variable basis and charged on flat or reducing balance method. For the above interest range could vary between ten and thirty-five percent. The interest rates are on a per annum basis and could be charged on monthly rest. The Managing Director for Head office and respective is empowered to decide on final interest rates for a particular credit facility, within the framework of this policy & credit policies of various credit products quarterly or annually and keeping in view the Risk Management Committee recommendation from time to time. However, the company has a clear-cut policy of advising the Interest rates/interest type, to be charged to the customers at the time of sanction/availing of the loan and EMI apportionment towards interest and principal dues would be made available to the customer.

The interest is deemed payable immediately on the due date as communicated and no grace period for payment of interest shall be allowed. Besides normal interest, the company may levy penal charges for delay or default in making payments of any dues and/or non-compliance of material terms of sanction. The penal charges for different products or facilities would be decided by the Managing Director within the framework of this Interest Rate policy and credit policies of various credit products and keeping in view Risk Management Committee decisions or recommendations from time to time. The Managing Director shall be empowered to waive/reduce such penal charges and shall accordingly intimate to the customers at the time of conveying the sanction. Changes in the interest rates and penal charges would be prospective in effect and intimation of change of interest or other charges would be communicated to customers in a mode and the manner deemed fit.

There shall be no capitalization of penal charges i.e. no further interest computed on such charges. However, this will not affect the normal procedures for compounding interest in the loan account.

The Penal charges in case of loans sanctioned to individual borrowers for purposes other than business, shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.

Besides interest, other financial charges like processing fees, origination fees, cheque bouncing charges, late payment charges, pre-payment/foreclosure charges, charges for issue of statement account etc., would be levied by the company wherever considered necessary. However, the managing Director shall be empowered to waive/reduce such penal charges. Besides these charges, stamp duty, service tax and other applicable taxes would be collected at applicable rates from time to time as communicated to the borrowers in a Sanction Letter or any other mode of communication. Any revision in these charges would have a prospective effect and will be communicated with the borrower and while deciding the charges, the practices followed by other FI/NBFC in the market would also be taken into consideration.

This will be ensured at all stages that there will be no hidden charges/or additional or penal charges will be levied from the borrower. The company believes and follows fair and transparent practices and committed to comply with all the guidelines issued by Government of India/ RBI from to time to time.

The guiding principles contained in our policy on fair lending practices effective from 01/01/2024 shall be followed along with this interest rate policy.

The company's board further grants its approval that the guidelines/instructions issued by RBI from time to time in this regard shall have overriding effect on respective any one or all the stipulation/clauses/points/sections covered in this policy.

#### SCHEDULE -1

Sl. No.	Particulars	Penal Charges
1	Penal charges on overdue in loan account	Penal charges equivalent to 3 percent per month on overdue amount to be charged till the account is regularized. However, no further interest shall be charged on penal charges. GST shall be charged as and when applicable. For Co-Lending, penal charges equivalent to 5 percent per month on the overdue amount to be charged till the account is regularized.
2	Penal charges for non-compliance of any other terms and conditions	Penal charges equivalent to 2 percent per month on balance outstanding amount, to be till the account is regularized. However no further interest shall be charged on penal charges. GST shall be charged as applicable.

Note – Both the penal charges mentioned above shall be independent to each other.

Approved by the Board of Directors vide Resolution dated

To be effective from 1<sup>st</sup> January 2024



**Amit Goel**  
**DIN: 06373510**  
**Managing Director**

**Date: 01.01.2024**  
**Place: Bhopal**