

Punarvasu Financial Services Private Limited

DEMAND LOAN AND CALL POLICY

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POLICY ON DEMAND / CALL LOAN

The Company is engaged in the lending activities and it grant demand/call loans to eligible individual, firms Companies, etc. based on their pre-validation by the Board.

The option for annulling and repayment of the loan before the term is only with the customer and the company as a lender may not have any such option to call for early repayment except where default occurs and recalling option is exercised. Demand/Call loans offer better manoeuvrability to both customer and lender in handling the credit requirements.

For customers whose requirements for funds are for short term and temporary, but frequent in nature demand loans are better option as it would meet their purpose. For the company as a lender it would help in meeting the customer requirements, help in deploying surplus funds for short term and also to plan its funds flow in a seamless way. Further in case of any sudden and upward movement in cost of funds, it would offer an exit option for both the borrower and lender. RBI in its Master Circular- Non banking Financial (Non deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions 2007 dated July 1, 2007 advised that the Board of Directors of every non banking financial company granting/ intending to grant demand/ call loans shall frame a policy for the company and implement the same.

Keeping the benefits in view and in order to exploit the business opportunities the demand loans may open up, a policy on extending demand / call loans is detailed out as under:

1. The demand/call loan shall be demanded/called up with 12 months for repayment.
2. The Board of Directors shall record, record specific reasons in writing at the time of sanctioning demand or call loan, if the cut-off date for such loan is beyond a period of 12 months from the date of sanction.
3. Demand / call loans may be considered on fixed interest rate basis as may be agreed upon. Interest rate would be decided on case to case basis.
4. The interest would be applied on monthly basis/quarterly/at time of repayment.
5. The Board of Directors shall record, record specific reasons in writing at the time of sanctioning demand or call loan, if no interest is stipulated or a moratorium is granted for any period.
6. All the demand / call loans having stipulated period beyond 6 months shall be subjected review of performance at the end of 6 months, the loans would be reviewed to decide on whether demand / call should be made on due date or further renewal of the loan either in full or part to be considered for any period, not exceeding 12 months.

7. The demand/call loan shall not be renewed unless the periodical review has shown satisfactory compliance with the terms of sanction.

This policy should always be read in conjunction with RBI guidelines, directives, and instructions. The company will apply best industry practices so long as such practice does not conflict with or violate RBI guidelines.