

Principal Amount and Interest Rate Clause

1. Principal Amount

The Borrower hereby acknowledges to have received a sum of **INR 5,00,000 (Rupees Five Lakhs Only)** (hereinafter referred to as the ~~â€œ~~**Principal Amount**~~â€~~) from the Lender on this date, which the Borrower agrees to repay in accordance with the terms set forth in this agreement.

2. Interest Rate

The Principal Amount shall carry an interest at the rate of **12% (twelve percent) per annum**, calculated on a simple interest basis. The interest shall accrue from the date of disbursement of the Principal Amount and will be payable on a monthly basis, on or before the 5th day of each succeeding month, until full and final repayment of the Principal Amount.

Important Notes

- This clause defines the amount disbursed and interest applicable under the agreement.
- Both parties should verify the correctness of figures and interest calculation methods.
- Payment terms (e.g. monthly, quarterly) and dates should be clearly mentioned to avoid disputes.
- Any changes to principal or interest rate must be mutually agreed in writing.
- Legal consultation is recommended before executing loan/financing agreements.