



## **SASVITHA HOME FINANCE PVT. LTD.**

### **INTEREST RATE POLICY**

#### **Preamble :**

The Interest Rate Policy of Sasvitha Housing Finance Private Limited envisages guidelines for the basis, mode and procedure for interest at rates specific to its borrowing customers which will be charged to loan accounts . This policy is in compliance to regulatory directions of Reserve Bank Of India and National Housing Bank.

#### **Basis for Rate of Interest**

The primary lending rates of Sasvitha Home Finance will be based upon the following factors:

1. Capital structure.
2. Cost of funds (Borrowed and NOF)
3. Operating Cost
4. Business Strategy premium.
5. Credit Cost
6. Credit Risk Premium depending on category of borrowers and loan products.

The base rate of interest for all loans will be decided by the Company from time to time and will be reviewed annually as of 31st March. The SHFL base rate will be arrived based upon factors 1-5 above. The base rate serves as the bench mark for deciding the lending rates to the ultimate borrowers will be marked up taking into consideration of credit risk listed as 6 above.. This Interest rate policy will cover all the above aspects.

#### **Types of Interest rates:**

The company charges interest as Floating rate or Fixed Rate depending upon the product.

#### **1. Floating Rate of interest :**

Based on the cost of funds and other relevant factors such as operational, capital, servicing and credit costs and market competitiveness, the Company shall fix a minimum lending rate, which shall not be lower than the average cost of funds as at the end of the previous quarter.

The Company shall also have differential Interest Rates for different products / schemes. Such rates are subject to review/ change by the Competent Authority from time to time.



The rate of interest for each category of the loan and the customer is based on the credit score of the borrower/s computed at the time of sanction of the loan and the said rate of interest is also subject to review by the Company at periodical intervals, but not earlier than one year from the date of sanction of the respective loans.

For the loans offered as the Floating Rate of interest, the change in the interest rate would take effect from a date prescribed by the Competent Authority. Board level ALM committee is the competent authority for fixing the base rates.

All upward revisions will be made applicable to all loans (new & old/existing). Downward revisions of rates specified for the products and/or applicable to customers' profile will be made applicable to new loans only. The accounts will be reviewed every year and the rate of interest will be reset according to the risk rating of the borrower and product premium keeping the Base Rate as the bench mark.

Generally, all the loans are treated as loans under Floating Rate unless specifically mentioned as Fixed Rate in the Loan Sanction Order (LSO) in terms of sanction. The customers shall be clearly advised in this regard. If there is no mention of the category of interest rate, the interest rate shall be under Floating Rate.

## **2. Fixed Rate :**

For the loans granted under Fixed Rate, the rate of interest would remain constant for a period of three years. It will be re-fixed at the end of the third year or after a period as specified in terms of sanction of the loan. However, the Competent Authority may, for justifiable reasons recorded in writing, fine tune the interest rate and offer the loans at lesser rates in respect of both Floating and Fixed rates of interests in between the tenures specified.

In some loan products where fixed rate of interest is offered, the rate of interest shall be arrived based upon the risk rating of the borrower and product premium. Such announced fixed rates will be incorporated in the in the MITC annexed with the sanction letter.

The Competent Authority may at its discretion also permit switching over Floating Rate to Fixed Rate and vice versa at the request of the customers and on the payment of the prescribed charges. The borrower can avail this facility only once during the tenure of the loan. Executive Chairman will be competent authority for the above conversion.



**3.SHFL Base Rate :**

The Company will in the normal course of business review its existing base rate as of 31<sup>st</sup> march every year or at such other frequency as deemed necessary, taking market related interest rate sensitivity.

**The Base ( Prime ) rates applicable at a given time will be published on the company's website .**

**Factors applicable to individual borrowing customers:**

As explained in the paragraphs above, the base rate will be marked up taking into consideration the risk rating which in turn will factor in.:

A Loan Product

B Profile of the borrower

**Borrowers profile Risk Premium:**

The company follows a credit risk rating model assigning credit rating score depending upon the risk profile of the borrower. The risk profile will cover the following broad heads with differential scores under each head.

Type of Employer/Employment, Stability of income, FOIR, Number of dependents, Family assets, CIBIL score, Assured income earners age, Social obligations, Loan to value ratio, Age of property, Plan approval authority, Plan approval Status, Locality, Purpose/utility, Property Type, Availability of Insurance, PMAY applicability, Savings habit etc

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