



SASVITHA HOME FINANCE LTD.

INTEREST RATE POLICY

Preamble :

The Interest Rate Policy of Sasvitha Housing Finance 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 Base lending rate of Sasvitha Home Finance will be primarily based on the following factors:

1. Capital structure.
2. Cost of funds (Borrowed and notionally on 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 or at least annually as of 31st March . The SHFL base rate will be arrived based upon factors 1- 5 above.

The base rate, which will serve as the bench mark for deciding the lending rate to the ultimate borrowers will be marked up for the projected ROA taking into consideration of credit risk listed as 6 above. This Interest rate for ultimate borrowers will cover all the above aspects. The base rate will also have relevance to an external bench mark like REPO rate of RBI. Board level ALM committee is the competent authority for fixing the base rates.

Types of Interest rates:

The company charges interest as Floating rate or Fixed Rate depending upon the type of loan (Housing or Non housing) and the customers' option .

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.

In consonance of the 6 factors mentioned above as the basis, the company shall have differential Interest Rates for different products / schemes and individuals' risk profile. Such rates are subject to review/ change by the competent authority in consultation with ALCO when the situations arise .

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.

For the loans sanctioned with Floating Rate of interest, the change in the interest rate would take effect from a date prescribed by the Competent Authority.

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 opted for and specifically mentioned as Fixed Rate in the Loan Sanction Order (LSO). 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 deemed as under Floating Rate.

2. Fixed Rate :

For the loans sanctioned under Fixed Rate, the rate of interest would remain constant for the entire tenure of the loan.

3. Dual / Special Rate :

For the loans sanctioned under Fixed Rate, the rate of interest would be fixed for a period of three years or as would be advised as one of the terms of sanction and then converted to Floating rate. 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.

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. Executive Chairman /CEO or an official duly authorized will be the competent authority for the above conversion.

Where ever women are the principal borrowers the company may consider concession in interest rate not exceeding 1% (100 basis points) across all products or for specific product as decided by the Board from time to time . Such concession could also be granted on selective basis to individuals by the sanctioning authority with approval of the Executive Chairman/ CEO and reported to the Audit committee .

SHFL Base Rate :

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

The Base rate 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 Loan Tenure

C Risk Profile of the borrower

Borrowers profile and 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
