

Interest Rate Policy

I. Objective

Swagat Housing Finance Company Limited (SHFC) operates with a stated vision of contributing meaningfully towards increasing housing stock in India by providing institutional housing credit to deserving customers. The Target customers of the Company are the first-time home buyers who have remained outside the ambit of formal Financial channels and are looking to purchase affordable housing units in Tier I, Tier II, Tier III cities or outside the peripheries of main metros.

The primary business of SHFC is long term lending. Interest rate offered to our prospective borrowers is linked SRPLR (SHFC Retail Prime Lending Rate).

This document defines the interest rate offered to the prospective borrowers. This document is dynamic in nature and would be updated regularly taking into account the changes in characteristics of the Company. Any change in Interest Rate will have to be approved by MD & CEO and presented in the Asset Liability Management Committee (ALCO). Once approved, the same will be forwarded to the board for final ratification and approval.

II. Introduction

National Housing Bank (NHB) had vide its Circular NHB (ND)/DRS /POL-No. 29/2009 dated June 02, 2009 advised that Housing Finance Companies (HFC's) are advised to ensure adequate disclosures about interest rates and charges.

Based on the guidelines and taking into account the SHFC customer segment, the Interest rate policy has been developed and documented as below.

Interest Rate

III. Procedure to determine rate of interest

SHFC will periodically determine the rate of interest for various products, giving due considerations to the following (but not limited to) factors, interest rate is linked to the SHFC Retail Prime Lending Rate (SRPLR):

- A. The cost of borrowed funds taking into consideration the average tenure, market liquidity, borrowing mix, credit rating of the organization;
- B. Operating cost which constitutes both a) upfront customer acquisition cost and b) ongoing cost;
- C. Reasonable, market-competitive return to the organization measured through return on asset (ROA) and return on equity (ROE);
- D. Inherent credit and default risk in our business, particularly in our target sub-groups / customer segments;
- E. Value of collateral offered by customers measured through Loan to Value ratio.
- F. Risk profile of customer - professional qualification, stability in earnings and employment, financial positions, past repayment track record with other lenders, external ratings of customers, credit reports, customer relationship, future business potential etc.
- G. Market environment – the company's ROI could change in line with the prevalent trends and rates offered by other competitors in the market.

IV. Interest Rate Policy

- A. SHFC will intimate the applicable ROI to the customers at the time of sanction of the loan; The Company will provide the repayment schedule at the time of disbursement.
- B. SHFC will offer both Floating and Fixed interest rate loans to customers. The changes in ROI in case of floating rate loans will be done at any periodicity depending up on the interest rate scenario and competition.
- C. Interest would be charged, and recovered on a monthly basis. Interest will be deemed payable on the due date as communicated to the customer.

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- D. Interest rate changes would be effective prospectively and intimation of change of interest or other charges would be communicated to customers in a manner deemed fit, as per terms of the loan documents.
- E. SHFC may also levy additional interest for adhoc facilities, penal interest for any delay or default in making payments of any dues.
- F. Besides interest, the Company will also charge other financial charges like Application Charges, late payments, RTGS/ other remittance charges, etc. may be levied by the company with due communication to the customer, wherever considered necessary. Any revision in these charges would be with prospective effect.
- G. Rate of interest for same product and tenure availed during the same period by separate customers could vary within a range, depending, amongst other things, the factors mentioned above.
- H. Any claims for refund or waiver of charges/ penal interest / additional interest will be done at the sole discretion of the company.