

# **SRG HOUSING FINANCE LIMITED**



## **POLICY FOR DETERMINING INTEREST RATES, PROCESSING, PENAL CHARGES AND OTHER CHARGES**

## I. INTRODUCTION

SRG Housing Finance Limited (herein after referred to as "Company" or "SRGHFL" ) is registered as Housing Finance Company with National Housing Bank.

RBI had vide its Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021 advised that Boards of HFCs to lay out appropriate internal principles and procedures in determining interest rates, processing and other charges. Further RBI advised the HFCs to adopt appropriate interest rate model taking into account relevant factors and to disclose the rate of interest, gradations of risk and rationale for charging different rates of interest to different category of borrowers. . In furtherance, RBI vide circular on Fair Lending Practice – Penal Charges in Loan Accounts dated August 18, 2023, December 29, 2023 and FAQ dated January 15, 2024 has released guidelines to ensure reasonableness and transparency in disclosure of penalties to the customers

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

The policy of SRG Housing Financial Limited (SRGHFL) for determining Interest Rates, Penal Charges/penalties, Processing and Other Charges is as follows:

## II. INTEREST RATE

**Our key interest rates on Loans range between 15% to 26% depending upon the risk of the case or as decided by the management. Our Interest is calculated on daily products at monthly rests**

- The rate of interest shall be based on the cost of borrowed funds, matching tenor cost, market liquidity, refinance avenues, RBI policies on credit flow, offerings by competition, tenure of customer relationship, market reputation, cost of sanction and disbursements, cost of capital required, inherent credit and default risk in the products and customer per se arising from customer segment, profile of the customers, professional qualification, stability in earning and employment, deviations permitted, ancillary business opportunities, future potential, group strength, overall customer yield, nature and value of primary and collateral securities, past repayment track record of the customers, external ratings of the customers , industry trends, switchover options etc.

Such information is gathered based on information provided by the borrower, credit reports, market intelligence and information gathered by field inspection of the borrower's premises.

- The company may adopt discrete interest rate model whereby the rate of interest for same product and tenor availed during same period by customers would not be a standardized one but could be different for different customers depending upon consideration of any or combination of a few or all factors listed out above.
- The annualized rate of interest would be intimated to the customer.
- The interest rates would be offered on fixed basis.
- Interest rates shall be intimated to the customers at the time of sanction/ availing of the loan and the equated installments shall be made available to the customer.
- Interest changes would be prospective in effect and intimation of change of interest, if any, or other charges would be communicated to customers.

- While designing the Interest Rate Model, all the above factors shall be taken into consideration.
- The interest shall be deemed payable immediately on the due date as communicated and no grace period for payment of interest is allowed.
- Besides interest, other financial charges like processing fees, cheque bouncing charges, Penal charges, pre-payment / foreclosure charges, charges for issue of statement account etc., would be levied by the company wherever considered necessary. Besides these charges, stamp duty, GST and other cess would be collected at applicable rates from time to time. Any revision in these charges would be from prospective effect. These charges would be decided upon by the ALCO Committee of the Company in discussion with the management.

### **III. PENALTIES LEVIED ON THE CUSTOMER (Effective from April 1, 2024)**

- Besides normal Interest, the Company may levy penal charges for any delay or default in making payments of any dues Penalty, if any, for delayed payment shall be applied on the overdue amount and not on the entire loan amount, and the same will be communicated to the borrowers by way of bold letters in the loan agreement and communicated in the sanction letter or intimation to the borrower.
- No claims for refund or waiver of such charges/ Penal Charges would normally be entertained by the company and it is the sole discretion of the company to deal with such requests if any.
- the Penal Charges will be charged- @ 36% p.a. (i.e. 3% p.m.) plus applicable taxes, for defaulted/delayed period on the interest/installments / PEMI due/ Debited (calculated from due date till date of payment on monthly rest) will become payable.
- Cheque/ECS Bounce Charges (Per Instrument/Transaction) - INR 500/- + applicable taxes per instrument is payable in case of a dishonored cheque or ECS.
- Penal Charges if any delayed payment shall be applied on the overdue amount and not on the entire loan amount, and the same will be communicated to the borrowers by way of bold letters in the loan agreement.
- There shall be no Capitalisation of penalties i.e., no further interest computed on such charges.
- The penalties in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.
- Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penalties shall be communicated. Further, any instance of levy of penalties and the reason thereof shall also be communicated.

### **IV. PROCESSING / DOCUMENTATION AND OTHER CHARGES**

- Processing charges shall not be more than 3 % of gross loan amount.
- GST and other applicable taxes shall be charged as per the guidelines issued by the Government from time to time.
- The Company shall recover only the actual cost of insurance of borrower, or property.
- Other charges as mentioned in the sanction letter and MITC and KFS.

### **V. OTHERS**

The interest rate models, base rate and other charges applicable shall be reviewed by the Asset Liability Management Committee (ALCO) periodically and make suitable recommendations to the Board.

**VI. REFERENCE**

- RBI Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021

The policy is last updated in the Board Meeting held on March 19, 2024.