



Policy Name	Interest Rate Reset Policy	Version No.	1.2
Date of Approval	09-Jan-2024	Date of last revision	04-Mar-2024
Department Responsible	Finance	Date of next revision	-

Version History

Version No.	Recommended By	Approved By	Approval / Revision date	Description / Description of change
1.0	-	Board of Directors	09-Jan-2024	Interest Rate Reset Policy
1.1	-	Board of Directors	04-Mar-2024	No Change

Interest Rate Reset Policy

Sundaram Home Finance Limited (SHF / 'the Company') offers fixed as well as floating-rate loans. Fixed rate loans can remain fixed for the entire term or become variable rate loans after a few years as per agreement.

SHFL Lending Rate: (SHF-LR) would be rate at which the loan sanction would be priced. However, depending on the market conditions, the company might operate on a rate which could be higher or lower than variable Prime Lending Rate (PLR).

PLR is subject to regular review and may be modified in response to market conditions. All modifications to the PLR will be communicated to the borrowers and updated on the Company website. Rate revisions will take a prospective effect.

All loans that satisfy the criteria of 'personal loans' as defined by [RBI circular No. DBR.No.BP.BC.99/08.13.100/2017-18](#) dated January 04, 2018 would be covered by this policy.

Personal loans refer to loans given to individuals and consist of (a) consumer credit, (b) education loan, (c) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), and (d) loans given for investment in financial assets (shares, debentures, etc.)

Consumer credit refers to the loans given to individuals, which consists of (a) loans for consumer durables, (b) credit card receivables, (c) auto loans (other than loans for commercial use), (d) personal loans secured by gold, gold jewellery, immovable property, fixed deposits (including FCNR(B)), shares and bonds, etc., (other than for business / commercial purposes), (e) personal loans to professionals (excluding loans for business purposes), and (f) loans given for other consumptions purposes (e.g., social ceremonies, etc.). However, it excludes (a) education loans, (b) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), (c) loans given for investment in financial assets (shares, debentures, etc.), and (d) consumption loans given to farmers under Kisan Credit Card (KCC).

Hence, loans given to individuals and secured by immovable property other than for business or commercial purposes will get covered by this policy and such individuals will be termed as eligible borrowers.

The Company shall inform the eligible borrowers through appropriate channels about the change in the interest rate and the impact of the same on the EMI / tenor.

The Company would provide the following options to the eligible borrowers at the time of rate reset:

- a. To switch to fixed / floating rate of interest: Such switch requests can be allowed to a maximum of three times during the tenor of the loan. Switch fee will be charged as applicable. The switch over to fixed rate of interest will be done with sufficient premium over the floating rate of interest to take care of future changes in interest rates. Such premium will be decided based on the following parameters:
 - i. Balance tenure of the loan
 - ii. Expected or anticipated interest rate movements over the balance tenure of the loan
- b. To increase / decrease in the tenure of the loan in commensurate to the increase / decrease in applicable interest rate
- c. To increase / decrease the Equated Monthly Instalment (EMI) instead of extending the tenure of loan
- d. Combination of both options (b) and (c) above
- e. To pre-pay the loan either in full or in part, subject to foreclosure charges / part prepayment charges as applicable

At any point of time during the tenor of the loan, the eligible borrowers shall be allowed to pre-pay the loan either in full or a substantial portion of the principal amount of loan, subject to foreclosure charges / prepayment charges as applicable.

The above options would be spelt out in the Sanction Letter issued to the borrower when the loan is sanctioned and also in the Most Important Terms & Conditions (MITC) governing the loan.

Following charges as applicable:

- Prepayment charges will be charged on part prepayment / foreclosure as applicable and disclosed in the sanction letter and MITC
- Service charges / Administrative costs as spelt out in the sanction letter
- Switch fee as applicable

A statement shall be made available at the end of each quarter through appropriate channels. The statement shall cover at minimum the following:

- Principal and interest covered till date
- EMI amount
- Number of EMIs left
- Annual Percentage Rate (APR) for the entire tenor of the loan

The above options that are provided at the time of rate reset would also be hosted on the website of the Company for the benefit of all borrowers of the Company.