Sammaan Capital Limited

(Formerly known as Indiabulls Housing Finance Limited)

Interest Rate Policy

(Reviewed and Approved on March 1, 2025)

Contents

1. Introduction & Objectives

As per RBI Master Directions, the board of directors have resolved and adopted the following Interest Rate policy to conform adherence to the regulatory requirements.

As a good corporate citizen and in deference to the advice of the regulator, the board after thorough deliberation has resolved that a balance has to be struck between the health of the company and the interest rate / other fees to be charged. Under the present circumstances, the following policy has been devised considering the risk factor, cost of funds, loan administration charges, provisions for loan impairment and reasonable profit for the shareholders.

Interest rates and other charges for each product are dependent on the nature of the product, security and collateral provided, repayment mode, geographical locations, expected delinquency and costs for servicing the loans and most importantly prevailing interest rates in the market. The company has a policy of reviewing the interest rates periodically taking into account all these factors. The interest rate policy for each product is proposed by the Business Head, Credit Head as well as CRO in consultation with the Finance / Treasury team. The above policy thereafter is approved by the ALCO before the Interest rates are communicated to the customer. An acknowledgement is obtained from the customer on the terms and conditions, including interest rates offered to the prospective borrowers.

Based on the prevailing market conditions and competitive benchmarks, these interest rates along with other charges are reviewed and communicated to the customers for all new loan acquisitions.

Keeping in view RBI guidelines as above, the following internal guiding principles and interest rate model are therefore laid out that need to be taken cognizance of while determining interest rates and other charges.

2. Applicability and Target Audience

The members of the Board, Risk Department, Treasury Department, ALCO, Business Head & Credit Head shall be the primary audience for this document. The document shall not be circulated beyond mentioned individuals without prior permission from the Chief Risk Officer

The Board of Directors hereby authorizes ALCO Committee to re-price the charges, interest rates etc., if required, for upward as well as downward revision of rates based on updated inputs on cost of funds and other costs.

The policy will be updated periodically, at least on annual basis. Every such review will require an approval from the ALCO and changes to the policy shall be intimated to the Board of Directors

3. Rationale for Interest Rate on Loans

- Existing cost of fund is an important determinant of our interest rate policy. In addition to equity capital, the Company's funding requirements are met from a combination of the sale of its loans to other lenders such as banks, issuance of commercial paper, term borrowings, cash credit facilities etc. The Company being a non-deposit taking Non-Banking Financial Company (NBFC) does not have access to deposits and in a way is exposed to higher interest rate risk than banks or deposit taking NBFCs. Importantly, review of rates are carefully undertaken, so that products are competitive within the peer-lenders at the same time minimum/targeted return on capital is maintained.
- The Interest Rate charge will depend on the term of the loan, structure of the loan, terms of payment of interest (i.e. monthly, quarterly, half yearly etc.), terms of repayment of principal, moratorium period, etc - These rate of interests to be charged for loans and advances will be based on the cost of funds, margin and risk premium.
- The rate of interest is also affected by the rate at which the funds necessary to provide loan facilities to customers are sourced, normally referred to as external cost of funds. Internal cost of funds being the expected return on the equity issued; is also a relevant factor.
- The interest rate charged will also take into consideration costs of doing business. Factors such as complexity of the transaction, capital risk weightage, size of the transaction, location of the borrower and other factors that affect the costs associated with a particular transaction should be taken into account while arriving at the final interest rate.
- As a matter of caution, bad debt provision cost should be factored into all transactions and gets reflected in the final interest rate for the Customer. The amount of the bad debt provision applicable to a particular transaction depends on our internal assessment of the credit strength of the Customer.
- Other factors that may be considered are matching tenor cost, market liquidity, refinance avenues, reputation of the customer, repayment history etc.
- The interest rate policy also takes into account the prevailing regulations and guidelines issued by the regulators from time to time.

4. Determining Interest Rate for Loans – Pricing Model

Each Credit Note / Sanction letter shall document the pricing for the proposed loan, which shall be derived based on the pricing model given below:

- Pretax cost of Funds: This would be determined after considering the weighted average cost of funds and the expected return on the quantum of equity to be applied for funding the loan
- Markup: A markup to reflect other unallocated costs / overheads may be charged to the loan
- Credit Risk Premium: A premium may be applied based on the risk delta of the borrower
- Structuring Premium: A premium may be applied to the loan in case the loan has any significant structuring elements with respect to collateral
- Margin: Company may charge desired profit margin

5. **Guiding Principles for Interest Rates**

- On an ongoing basis, the interest rates and other financial charges/deviations applicable to loans will be approved by the Credit Committee/ as prescribed by the credit policies (basis the product) for the purpose of sanctioning of loans.
- The rate of interest for the same product and tenor availed during same period by different customers need not to be standardized. It could vary for different customers depending upon consideration of any or combination of above factors.
- SCL shall communicate to its Customer/ borrower via a sanction letter / term sheet, the following details:
    - The amount of loan sanctioned along with the terms and conditions including annualized rate of interest applicable to the loan.
    - Details of the default interest / penal charges and other fees and charges applicable to the loan.
    - The annualized rate of interest.
- The interest shall be deemed payable on the due date as communicated and no grace period for payment of interest is allowed.
- The interest rate would be charged on monthly or longer rests as per agreement.
- For Home Loans / Loan Against Property which are long tenor in nature, the company follows a Floating rate pricing benchmarked to prevailing interest rates. In these cases, the Reference /benchmark interest rate re-set would be decided by the Company from time to time depending upon, but not limited to, the change in cost of funds, interest rate outlook, administrative overheads, market volatility and competitor review. Any change in the benchmark /Floating reference rates will be reviewed in the ALCO meeting.
- The company can offer Fixed rate as well if required due to competition, market practice and /or to comply to any regulatory norms to its old and/ or new customers.
- Processing fees and other financial charges like legal and valuation charges, transaction handling charges ,data admin charges, late payment /non-payment and cheque bouncing charges, Rate switch fee, part or full Pre-payment charges, charges for service requests like cancellation and reissuance of disbursement instrument , swap of repayment instrument, swap of security, statement of account , Pre-payment letter , retrieval of copies of loan documents and/ or security documents, holding of original property document beyond a permitted time post closure of loan or the

penal charges etc. would be in addition to the interest rate as specified in the agreement. The penal charges will be levied in compliance with the regulatory guidelines and approved policy on the penal charges. Further any revision in these financial charges would be with prospective effect.

- The GST and any other government charges would be collected at applicable rates from time to time. Any revision in these charges would be from prospective effect.
- In case deemed fit the Company may consider necessary moratorium for interest payment and repayment of principal with proper built in pricing.
- Claims for refund or waiver of charges/ penal charges/ additional interest will normally not be entertained by the company and it is the sole discretion of the company to deal with such requests if any.
- No interest is payable on Credit Balance in customer's account except in such case where in spite of demand being raised by the customer for refund but pending for processing for more than 15 days shall be paid at the rate of ROI of the relating loan account.
- Interest changes would be prospective in effect and intimation of change of interest or other charges would be communicated to customers in mode and manner deemed fit.
- Spread of each loan to be decided at the time of origination itself basis Risk category of the customer and keeping other factors as mentioned above. Spread is expected to remain fixed, however the Company may increase/decrease spread of certain loans basis qualitative assessment, business requirement and other factors indicated but not limited to as below :-
    - ➢ Bureau score and Risk Category of the borrower or co-borrower
    - ➢ Change in profile of borrower, material change in the employment, business or profession of the Borrower
    - ➢ Change in the Borrower(s)'s shareholding pattern, share capital, profit-sharing and/or change in the management/ control/ ownership/ partner(s)/ proprietor(s).
    - ➢ Deterioration of credit performance
    - ➢ Increased Credit and default risk in particular segment of business , trade or industry or in particular territory / location / locality or any pool level trend of irregular repayment and delinquency.
    - ➢ Deviation in end use of funds in contradiction with declaration provided by the Borrower at the time of availing the loan.
    - ➢ Failure to complete the construction of the collateral, as per terms and conditions agreed in the loan agreement. And other factors causing non-marketability or deprecation in value of the collateral.
    - ➢ Penalties/ legal implications/ adverse action initiated by concerned authorities/ pending litigations or default in payment of taxes.
    - ➢ Failure on part of borrower/s in creation of adequate security and completion of required security documentation.
    - ➢ Sub-division of the collateral.
    - ➢ Circumstances resulting in levy of penal charges of any nature would also be indicative of increased risk

- Change in credit grade of the loan/borrower entities
- Any modification in nature or use of underlying property taken as security against the terms of the loan agreement.
- Unexpected change in economic cycle, or any situation similar to above suggestive situations, which may enhance credit and business risk

The company will review its portfolio at required intervals, which will not be greater than a year and where the credit grading and evaluation of any specific loan or pool of loans is deteriorating due to any of above factors, the company will take cognizance of that. The revision in rate of interest /spread in such instances will be in range of 25 to 250 basis points.

The formal intimation of change of Rate of interest /benchmark Rate and /or spread to be ensured to the borrowers, in an appropriate manner as per terms of the loan documents .
The borrower shall be given an option to continue or prepay the loan if they wish to ,where in waiver of the prepayment charges (if applicable) shall be at discretion of the company and its senior management.

- The company can review and revise downwards the interest rates /adjust the spreads for specific pool of loans assets securitised or assigned under co-lending arrangement or otherwise, where there is headroom due to the reduction of rates by the partner banks /FIs for those specific loans.

- A brief description of the approach along with indicative interest rates and other charges would be placed on the company's website.

6. Abbreviations

Abbreviations	**Details**
ALCO	Asset Liability Committee
NBFC	Non-Banking Financial Company
SCL	Sammaan Capital Limited
RBI	Reserve Bank of India