

SUPREME HOUSING FINANCE LTD

Policy on Interest rates and Gradation of Risks Version 2.0

Preface

The Reserve Bank of India (RBI) vide its Notification No. DNBS. 204 / CGM (ASR)-2009 dated 2 January 2009 and vide its Guidelines on Fair Practices Code for NBFCs, as amended from time to time (RBI Regulations), has directed all NBFCs/HFC's to make available the rates of interest and the approach for gradation of risk on web-site of the companies.

In compliance with the requirements of the RBI Regulations mentioned above and the Fair Practices Code adopted by Supreme Housing Finance Limited. The Company has adopted this Interest Rate Policy broadly outlining the Interest Rate Model and the Company's approach of risk gradation in this regard for its lending business.

Objectives of the Policy

This Policy outlines the Company's Interest rate Model and approach to the gradation of risks. The primary objectives of the Policy are as follows:

To prevent the charging of excessive interest rates;

To enable Customers, know on what basis the interest rates that will be charged on the loan amount per annum.

To enable Customers, know the conditions upon which the interest rates are arrived at.

Application of the Code

This policy is applicable to all customers and persons seeking to obtain loans (the "Customer") from Supreme Housing Finance Limited. The policy is available on our website www.supremehomeloans.com.

Interest Rate Model

The Company's business model is geared at providing credit only to customers meeting the benchmarks set by Supreme Housing. The interest rate chargeable to each loan account is assessed on a case by case basis, upon an evaluation of factors which are considered below:

Tenure of the Loan & Payment Terms

Supreme Housing Finance Limited takes the term of the loan and terms of payment of interest into consideration in evaluating interest rates;

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Internal and External Costs of Funds -

The cost of sourcing the funds for providing loans to customers (external cost of fund) and the expected return on equity (internal cost of funds) are also considered;

Internal cost loading -

Factors such as the costs of doing business, the complexity of the transaction, capital risk involved, size of the transaction, location of the customer etc. are also given a consideration;

Credit Risk -

The risk of credit loss cost is also taken into consideration in assessing the interest rate chargeable on loan accounts. Supreme Housing Finance Limited's internal assessment of the credit strength of a customer is also taken into consideration in determining the amount of credit risk cost applicable to the said customer.

Structuring Premium -

In the event that there is a significant structuring element regarding the collateral or other aspects of transaction structure, the Company may apply a premium to the loan.

Market Dynamics -

The prevailing interest rates offered by other NBFCs for similar products / services as offered by the Company shall be taken into consideration in assessing chargeable interest rates. The forecasts and analysis of "what if" scenarios are also relevant factors for determining interest rates to be charged.

Other relevant factors such as matching tenure cost, market liquidity, relevant RBI Policies, stability of customers' earnings and employment history, subvention and subsidies available, deviations permitted, further business opportunities, external ratings, industry trends, switchover options etc. may also be considered by Supreme Housing Finance Limited in determining the interest rate to be charged upon customers.

Approach for Gradation of Risk (AGR)

The factors which are considered in assessing a customer's risk premium are assessed as follows:

- The profile, financial stability and market reputation of the customer
- Inherent nature of the product, type / nature of facility, loan to value of asset financed;
- History and duration of relationship with the customer, past repayment track record and historical performance of similar clients;
- Group strength, overall customer yield, future potential, repayment capacity based on cash flows and other financial commitments of the customer;
- Nature and value of primary and secondary collateral / security;
- Type of asset being financed, end use of the loan represented by the underlying asset;
- Interest, default risk in related customer segment;
- The relevant RBI guidelines and other applicable laws;
- Any other factors that may be relevant for the gradation of risks on a case by case basis.

Non-Applicability of the Approach for Gradation (AGR)

Supreme Housing Finance Limited reserves the right to determine which of the approaches to the gradation of risks (AGR) it adopts for all its customers. The Company undertakes to abide by the stipulations in this policy in reaching decisions on applicable interest rates.

Rate of Interest

Supreme Housing Finance Limited shall calculate its interest rate according to the 30/360-day count convention.

The rate of interest for the same product and tenure availed during same period to different customers may differ depending on the result of an application of the conditions listed in this policy.

Processing Fees / Other Charges

Nothing in this policy shall be deemed to deprive Supreme Housing Finance Limited of its rights to make necessary charges on a customer as may arise from the said customer's loan account. Such charges include but are not limited to processing fees, bounced back cheques

Debit fee, loan termination fees, field collection charges etc. And such other charges arising from a customer's loan account as the Company may levy against a customer.

For doubt avoidance, service tax, levies, cess and other taxes arising from the loan account shall be payable by the customer at applicable rates.

Penal Interest Rate / Charges

Besides the annualized interest, Supreme Housing Finance Limited may levy additional interest for ad hoc facilities, penal interest / default interest for any delay or default in making payments of any dues as agreed between the customer and the Company in the loan agreement. The details of Penalty Interest charges for late repayment will be mentioned in bold in MITC.

Schedule of Interest Rate & Charges

S.No.	Rates and charges	Amount
1	Interest Rate	10% to 27%
2	All other Charges	As per MITC

Policy display and availability

Appropriate disclosure regarding this Interest Rate Policy shall be made on the Company website www.supremehomeloans.com.

Review and Revision

Any revision in the Company's interest rate applicable to business would be reviewed by the Board of Directors.

Implementation

This Policy shall be effective from 15th October, 2024.