

Reset of Floating Interest Rate on Equated Monthly Instalment (EMI) based Loans

In case of floating rate, the rate of interest on the loan will be revised/reset with revision in the company's Prime Lending Rate (SHPLR). Any revision in SHPLR will be notified to the Borrower via letter/ branch notification/ website/ email/ electronic message. The impact of change in ROI shall be given on Loan Tenor or EMI or both as the case may be depending upon customer's repayment capacity. Borrower will have option to switch from floating to fixed. Following are the various impacts due to rate reset:

- a** Revision in Tenor with EMI constant
- b** Revision in EMI with Tenor constant
- c** Revision in Tenor and EMI.

For a detailed understanding of impact of Rate change, please refer the below illustration:

Sanction terms: EMI: Rs.20,000/-,

Tenure: 240 months,

ROI: 11%.

Months Paid: 15

ROI change scenario: SHPLR increases by 0.25% and ROI gets revised from 11% to 11.25%.

If the impact of ROI increase is on EMI, then balance tenure remains the same and EMI increases from Rs.20,000/- to Rs.20,200/-. The total impact of rate increase is Rs.45,000/- (225 remaining months *Rs.200 increase in EMI).

If Tenor change is opted, the EMI remains at Rs.20,000/- and Tenor increases.

