



# SWAGAT HIRE PURCHASE AND FINANCE COMPANY PRIVATE LIMITED

CIN No. U65921MH1994PTC077154

RBI License No. B-13.01566



Registered Office:- Flat No.601, Excellentia "E", Casa Bella, Dombivli East, Dist-Thane, Maharashtra - 421204



Corporate Office:- D-1398, 1st Floor, Sai Sagar Building, Near Kaleva Chauraha, Indira Nagar, Lucknow- 226016



Landline No. 0522-3128640



E-mail id:- compliance@swagat.mitrsewa.com

## Interest Rate Policy

### Transparent, Risk-Based Pricing Framework for All Loan Products

Version 1.0 | Effective Date: 03 Feb 2026 | Review: Annual

<b>Policy Owner</b>	Board of Directors
<b>Approved By</b>	Board of Directors
<b>Regulatory Reference</b>	RBI Circular DNBS/PD/CC No.95/03.05.002/2006-07 (May 24, 2007); RBI Circular DNBS(PD)C.C.No.133/03.10.001/2008-09 (Jan 2, 2009); RBI Circular on Charging of Interest (April 29, 2024); RBI Circular on KFS (April 15, 2024); RBI SBR Directions, 2023 – Chapter VII
<b>Effective Date</b>	03 Feb 2026
<b>Review Frequency</b>	Annual / Upon material change in cost of funds or RBI guidelines

## 1. Introduction

Swagat Hire Purchase and Finance Company (hereinafter "the Company") is required under RBI guidelines to adopt an internal interest rate model and to lay out appropriate internal principles and procedures for determining interest rates, processing and other charges applicable to its loan products. This Interest Rate Policy ("Policy") fulfils that obligation and ensures that the Company's interest rate practices are transparent, fair, risk-based, and consistent with RBI guidelines.

This Policy is adopted pursuant to RBI Circular DNBS/PD/CC No.95/03.05.002/2006-07 dated May 24, 2007, and RBI Circular dated January 2, 2009, which mandate NBFCs to adopt an appropriate interest rate model and to disclose the annualised rate of interest, gradations of risk, and the rationale for charging different rates to different categories of borrowers.

**Fair Lending Commitment** The Company commits that interest rates shall be reasonable and not excessive in nature. Rates of interest beyond a certain level may be seen as usurious, unsustainable, and not conforming to normal financial practice. The Company shall maintain internal monitoring mechanisms to ensure rates remain reasonable and are applied transparently.

## 2. Objectives

- Adopt a transparent, risk-based interest rate model that accurately reflects the true cost of credit extended by the Company.
- Ensure that all borrowers are fully informed of the applicable interest rate and all charges before disbursement, through the Key Facts Statement (KFS), Sanction Letter, and Loan Agreement.
- Establish uniformity and non-discrimination in interest rate application within each product / borrower category.



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- Ensure compliance with RBI's fair lending guidelines including the fair charging of interest circular dated April 29, 2024.
- Publish the interest rate framework and charge schedule on the Company's website and update it whenever rates change.

## 3. Components of the Interest Rate Model

The interest rate applicable to each loan shall be derived using the following building-block model:

Component	Description	Approx. Contribution
Cost of Funds (CoF)	Weighted average cost of all borrowings of the Company (bank loans, NCDs, debentures, etc.)	Base — varies with market rates
Operating Cost Spread	Cost of running the Company's operations: staff, administration, technology, premises	1% – 4% p.a.
Credit Risk Premium	Additional return to compensate for expected credit losses based on borrower risk profile	1% – 8% p.a. (risk-based)
Profit Margin	Target return on equity above cost of capital	1% – 3% p.a.
Liquidity Premium	Additional spread to compensate for asset-liability mismatch risk on longer tenor loans	0% – 2% p.a.
Resulting Rate	Final annualised interest rate (reducing balance basis) charged to the borrower	As computed above

The CEO shall review the cost of funds and each component of the interest rate model at least quarterly and recommend revisions to the Board where warranted.

## 4. Risk Gradation Framework

Borrowers shall be graded into risk categories as follows, and the credit risk premium shall be determined accordingly:

Risk Category	Profile	Indicative Risk Premium
Prime / Low Risk	High CIBIL score (750+), stable employment, well-documented income, high-quality collateral, low LTV	1% – 3% p.a.



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Standard / Medium Risk	Moderate CIBIL score (650–749), regular salaried/business income, adequate collateral	3% – 6% p.a.
Sub-Prime / High Risk	Lower CIBIL score (<650), informal sector, thin credit file, weak or insufficient collateral	6% – 10% p.a. (where lending is permissible)
New to Credit (NTC)	No prior credit history; CIBIL N.A. or NH; first-time borrowers	4% – 8% p.a.

The risk category assigned to each borrower shall be recorded in the credit appraisal note and shall inform the specific rate offered. The rationale for the specific rate applied to a borrower shall be documented.

## 5. Product-wise Approved Interest Rate Bands

The Board hereby approves the following interest rate bands for the Company's loan products. All rates are on a reducing balance basis (annualised). The CEO is authorised to determine the specific applicable rate for each borrower within these Board-approved bands, based on the risk gradation framework above:

Product	Minimum Rate (p.a.)	Maximum Rate (p.a.)	Basis	Typical Tenor
Hire Purchase Finance (New Vehicles/Equipment)	13%	26%	Reducing Balance	12 – 60 months
Hire Purchase Finance (Used Vehicles/Equipment)	15%	30%	Reducing Balance	12 – 48 months
Vehicle Finance (Two-Wheeler)	14%	28%	Reducing Balance	12 – 48 months
Commercial Vehicle Finance	13%	25%	Reducing Balance	12 – 72 months
Equipment Finance	14%	27%	Reducing Balance	12 – 60 months
Business Loans (Secured)	13%	24%	Reducing Balance	12 – 60 months
Business Loans (Unsecured)	18%	36%	Reducing Balance	6 – 36 months
Personal / Consumer Loans	18%	36%	Reducing Balance	6 – 60 months
Loan Against Property (LAP)	12%	20%	Reducing Balance	12 – 120 months



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**Board Authority** The above rate bands are Board-approved. No loan shall be sanctioned at a rate outside these bands without specific Board approval. Rate bands shall be reviewed annually (or more frequently if the cost of funds changes materially) and updated with Board approval.

## 6. Method of Interest Calculation

- All interest shall be calculated on the Reducing Balance (diminishing balance) method, unless a specific product explicitly states otherwise (and only where permitted by RBI guidelines).
- The annualised interest rate shall always be disclosed to the borrower, even where instalments are equated on a monthly basis.
- The Annual Percentage Rate (APR) shall be computed and disclosed in the KFS as per RBI guidelines — covering all costs including processing fees, upfront charges, and insurance (where linked to the loan).
- Interest shall be calculated from the date of actual disbursement of funds to the borrower's account, and not from the date of sanction, approval, or documentation.
- Where a loan is disbursed in tranches, interest shall be calculated on each tranche from the date of disbursement of that tranche.
- For EMI-based loans, each EMI statement shall separately show the principal and interest components.
- For floating rate loans, the revised EMI/tenor shall be communicated to the borrower on each reset date along with the six mandated options under RBI guidelines.

## 7. Penal Charges Policy

In compliance with RBI guidelines effective January 1, 2024, the Company adopts the following penal charges policy:

### 7.1 Principles

- Penal charges are a penalty for non-compliance with material terms and conditions of the loan contract, and are NOT additional interest. They shall NOT be capitalised or compounded.
- Penal charges shall be reasonable, proportionate, and non-discriminatory.
- Penal charges for individual borrowers (non-business purposes) shall not be higher than those for non-individual borrowers for the same category of non-compliance.

### 7.2 Approved Penal Charges Schedule

Event / Non-Compliance	Penal Charge
Cheque / NACH / ECS bounce	₹500 per instance (plus bank charges actuals)
EMI overdue 1-30 days (SMA-0)	2% per annum on overdue amount (non-compounding)



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EMI overdue 31-90 days (SMA-1 / SMA-2)	2% per annum on overdue amount (non-compounding)
Failure to create agreed security within stipulated time	₹1,000 per month of delay
Failure to submit required documents / information	₹500 per instance after 30-day notice
Breach of covenant (e.g., late financial reporting)	₹500 per instance after notice
Foreclosure / Prepayment (floating rate, individual borrowers, non-business)	NIL
Foreclosure / Prepayment (fixed rate / non-individual borrowers)	Up to 2% of principal prepaid
Late release of property documents by Company (Company's fault)	₹5,000 per day delay (payable to borrower)

**Disclosure** All penal charges shall be disclosed in the loan agreement (in bold), in the KFS, and on the Company's website. When any penal charge is levied, the borrower shall be informed in writing of the reason, the specific amount, and the date of levy.

## 8. Schedule of Other Charges

Charge	Amount / Basis	When Charged
Processing Fee	Up to 2% of sanctioned loan amount (+ GST)	At sanction / disbursement
Documentation Charges	Actuals (stamp duty, registration, etc.)	At time of documentation
Credit Bureau / CIBIL Charges	Actuals (currently ₹50 – ₹150 per report)	At time of appraisal
Valuation / Inspection Charges (if any)	Actuals	At time of appraisal
Legal / Advocate Charges (if applicable)	Actuals	At time of documentation
CERSAI Registration Charges	As per CERSAI schedule	At time of charge creation
Account Statement Charges	₹100 per statement (beyond 2 per year)	On request



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NOC / No-Dues Certificate	Free	On closure of loan
Duplicate NOC	₹250	On request
Cheque Swap Charges	₹250 per swap	On request
Loan Rescheduling / Restructuring Fee	As approved by sanctioning authority (up to 1%)	On restructuring

No charge not mentioned in the KFS and the above schedule shall be levied on any borrower at any stage during the loan tenure without the explicit prior consent of the borrower.

## 9. Disclosure Requirements

- The Interest Rate Policy (including rate bands and the risk gradation framework) shall be published on the Company's official website and updated whenever rates are revised.
- The annualised rate of interest applicable to each borrower shall be disclosed in: (a) the loan application form, (b) the KFS (with APR), (c) the sanction letter, and (d) the loan agreement.
- The rate of interest, approach for gradation of risk, and rationale for differential pricing shall be disclosed on the Company's website or published in newspapers if required.
- Any change in interest rate or charges shall be communicated to affected borrowers in writing before the change takes effect.

## 10. Internal Monitoring

The CEO shall implement an internal monitoring mechanism to ensure:

- Rates charged to individual borrowers are within Board-approved bands and are consistent with the risk gradation applied.
- No discriminatory pricing is occurring within the same loan category.
- KFS, sanction letters, and loan agreements accurately reflect the rates and charges sanctioned.
- Any excess interest identified through RBI communications is promptly refunded to affected borrowers.

A summary of interest rate compliance and any deviations shall be included in the quarterly Board report.

## 11. Review

The Board shall review and formally re-approve this Interest Rate Policy at least once annually, or more frequently if:

- The cost of funds changes materially (by more than 100 basis points).
- RBI issues new guidelines on interest rate disclosure or fair charging practices.
- The Company introduces a new loan product not covered by existing rate bands.



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Any revision to rate bands or fee schedules shall be approved by the Board and published on the Company's website within 7 days of adoption.

**Adopted by the Board of Directors of Swagat Hire Purchase and Finance Company.**

Date of Adoption: 02 Feb 2026 | Version: 1.0

