

# **INDIA HOME LOAN LIMITED**



## **INTEREST RATE DISCLOSURE POLICY**

### **VERSION CONTROL**

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## **I. PREAMBLE**

The interest rate policy adopted by India Home Loan Limited (IHLL) is considering directions of 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 amended from time to time (RBI Regulations). Company ensures fair practice and transparency to its customers therefore interest rates and the approach for risk premium are made available on website of the company.

## **II. INTEREST RATE MODEL**

The interest rate for credit facilities extended by IHLL is driven by the benchmark rate of IHLL (IHLL- BR) plus the risk premium associated with the borrower / type of loan.

**Interest rate to the borrower = Benchmark Rate + Risk premium**

### **• Benchmark Rate**

IHLL's benchmark rate (IHLL-BR) for onward lending is based on Marginal Cost of Lending Rate (MCLR) concept; a function of the following factors:

- Cost of Capital and Cost of Equity as well as IHLL's Capital Structure - Operating costs
- Tenor Premium
- Negative carry involved in maintaining liquidity.

## **III. RISK PREMIUM**

The risk premium applicable to the borrower/ type of loan is based on the following factors:

- Borrowers Risk level – Low, Medium, High
- Type of Loan – Home Loan, LAP, Project Loan
- Tenor of Loan
- LTV
- Quality of Mortgage Asset
- Geographical factors etc.

The range of Risk Premium will normally remain within range of 0%-12%, depending upon the above factors.

#### **IV. APPLICABILITY**

The IHLL-BR based pricing framework is applicable on all credit facilities provided by the Company.

- **Interest Rate Communication**

- Facility details, amount sanctioned, annualised interest rate, tenure of the loan, additional interest or any additional charges will be shared in the sanction/facility letter
- IHLL may levy additional charges for default/ delay in interest payment. Default interest rates will be clearly communicated in the sanction letter
- Apart from these, there could be processing fees as well as documentation charges as well for a facility.

- **Points to note**

- The rate of interest for the same product and tenor availed during same period by different customers need not be standardized.
- The final lending rate applicable to each customer will be assessed based on various risk factors. In exceptional circumstances, based on risk perception, interest rates may fall outside the range indicated above.