



# CAPITALINDIA

## Home Loans

### INTEREST RATE POLICY

Version : 1.0  
Owned By : CFO  
Approved By : Board  
Effective From : February 11, 2019

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## 1. Preface

The National Housing Bank (NHB) had vide its Guidelines on Fair Practices Code having reference no. NHB/ND/DRS/Pol-No. 34/2010-11 dated October 11, 2010, and as amended from time to time, has directed all Housing Finance Companies (HFC's) to lay out appropriate internal principles and procedures in determining interest rates, processing and other charges.

In compliance with the requirements of the NHB Guidelines mentioned above, the Capital India Home Loans Limited ("**Company**" / "**Capital India**") has adopted this Interest Rate Policy broadly outlining the Interest Rate Mechanism and the Company's approach of risk gradation in this regard for its lending business.

## 2. Scope and Objectives

In compliance with the requirements of the NHB Guidelines mentioned above and the Fair Practices Code, we at Capital India have adopted this Interest Rate Policy broadly outlining the Interest Rate Mechanism and the Company's approach of risk gradation in this regard for its lending business.

## 3. Applicability

This policy would be applicable to all credit facilities offered by the Company. It will act as a guiding principle to compute the interest rate to lend to its borrowers and levy various charges and other levies, as applicable, on loan accounts. The interest rate / levies would vary for different class of borrowers based on various factors mentioned below.

## 4. Policy review and Approval Process

The Policy would be reviewed and updated by the Board at intervals deemed fit by the Board. Any change in interest rate (as applicable in floating rate loans) shall be based on Capital India Home Loans Reference rate (CHRR) approved by the Board. This policy and any changes made during the reviews shall be adopted by resolution of the Board of Directors. This shall become applicable for all floating rate loans from the effective date as specified in the board resolution and the same shall be communicated in writing to borrower. Any revision in interest or other charges would be with prospective effect.

## 5. Interest Rate Mechanism

At Capital India, we will be offering credit facilities both, on fixed and floating rate of interest. Loans under floating rate mechanism will be benchmarked against CHRR or to a market linked transparent benchmark, including reference rate of bank as may be agreed with the borrower.

## 6. Capital India Home Loans Reference Rate (CHRR)

The Board would consider following factors while deriving the CHRR applicable in floating rate loans:

- Cost of Debt Capital
- Operating Expenses;
- Regulatory Provisioning Cost
- Return on Network

- Liquidity Premium
- Term Structure Premium

## 7. Spread

As a part of risk gradation, spread will be assessed on case specific basis considering evaluation of various factors detailed below:

- Borrower and Borrower Group credentials which include background, nature of Business / service, business vintage, financial profile including net-worth, liquidity, profitability, debt repayment capability, tenor of relationship with the borrower, future potential, etc.;
- Track record of honouring commitments relating to interest/principal servicing and security/margin top ups;
- External credit rating – wherever applicable / available;
- Credit scores (like CIBIL etc) – wherever applicable / available
- Internal rating to be done for all clients
- End use of funds;
- Security cover including value and liquidity;
- Tenor and loan repayment terms, like monthly, quarterly repayment, moratorium period, step up / down repayment, zero coupon structured loans etc.
- Any other criteria specific to the transaction.

## 8. Penal Interest & Charges

Besides normal Interest, the Company may levy additional interest for adhoc facilities, penal interest / default interest for any delay or default in making payments of any dues. The details of Penal Interest and other charges for late repayment and other events of default will be mentioned in the loan agreement and communicated in the sanction letter / term sheet as well. Other financial charges, if any, like processing charges, cheque bouncing charges, prepayment / foreclosure charges, part disbursement charges, cheque swaps, cash handling charges, RTGS / other remittance charges, commitment fees, charges on various other services like issuing No Due certificates, NOC, letters ceding charge on assets/ security, security swap & exchange charges etc. would be levied by the company wherever considered necessary. In addition, the Goods and Services Tax and other taxes, levies or cess would be collected at applicable rates from time to time.

Claims for refund or waiver of charges / penal interest / additional interest would normally not be entertained by the Company. It is the sole and absolute discretion of the Company to deal with such requests, if any.

## 9. Disclosures

The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers may be disclosed to the borrower or customer.

CHRR shall also be made available on the web-site of the Company. The information published in the website or otherwise published should be updated whenever there is a change in the rates of interest.