



**ADANI HOUSING FINANCE PRIVATE LIMITED**

**POLICY ON DETERMINING INTEREST RATES**

<b>POLICY NAME</b>	<b>POLICY ON DETERMINING INTEREST RATES</b>
<b>POLICY VERSION</b>	<b>AHFPL/2023-24/VERSION I</b>
<b>RESPONSIBLE DEPARTMENT</b>	<b>BUSINESS</b>
<b>VALID FROM</b>	<b>13<sup>TH</sup> JULY 2018</b>
<b>REPLACE VERSION OF (DATE)</b>	<b>29<sup>TH</sup> DECEMBER 2023</b>
<b>APPROVED BY</b>	<b>BOARD</b>
<b>PREPARED BY</b>	<b>TREASURY</b>



**ADANI HOUSING FINANCE PRIVATE LIMITED**

**POLICY ON DETERMINING INTEREST RATES**

**Contents**

**1. Preamble..... 3**

**2. Purpose..... 3**

**3. Subject..... 3**

## **1. Preamble**

The RBI vide its Non-Banking Financial Company –Housing Finance Company (Reserve Bank) Directions, 2021 on Fair Practices Code for Housing Finance Companies (HFCs) has directed all HFCs to provide information on interest rates, common fees and charges through putting up notices in their branches; Through telephone or help-lines; On the company's website; Through designated staff / help desk.

## **2. Purpose**

The purpose is to be in compliance with the extant regulations as listed down by Reserve Bank of India (RBI).

## **3. Subject**

In compliance with the said guidelines, the Company has adopted the following policy with respect to determination of interest rate:

1. The interest rate charged to the borrower shall take into account following factors depending on various business segments and schemes thereunder:
  - Tenor of the Loan
  - Types of the Loan – (Housing Loans (HL) and Loan against property (LAP)
  - Internal and external cost of funds
  - Treasury bill rates and the sovereign yield curve or Repo rate
  - Credit spreads between the sovereign/AAA NBFC/HFC bonds and the AA category bonds
  - Prevailing MCLR of major commercial banks
  - Risk profile of the borrower / borrower segment and their gradation into low/medium and high risk parameters.
  - Market scenario relating to credit risk premia
  - Internal Cost of doing business
  - Interest rate offered by other competing HFCs
  - Expected credit losses
  - Other factors that may be relevant in each case.
2. The risk premium of the borrower will be decided on case to case basis as decided by the company based inter alia on the inherent nature of product, market reputation, interest, credit and default risk in the related business segment, historical performance of similar homogeneous clients, profile of the borrower, tenure of relationship with the borrower, repayment track record of the borrower in case of existing customer, subventions available, deviations permitted, future potential, group strength, overall customer yield, nature and value of primary and

## ADANI HOUSING FINANCE PRIVATE LIMITED

### POLICY ON DETERMINING INTEREST RATES

collateral security, etc.

3. Individual business vertical shall determine the interest rates chargeable to the borrower after assessment of the above factors. The range for the interest rates shall be between 10.5% to 25.5% p.a.
4. The final lending rate for various products offered by the Company will be arrived at after taking into account market reputation, interest, credit and default risk in the related business segment, historical performance of similar homogeneous clients, profile of the borrower, tenure of relationship with the borrower, repayment track record of the borrower in case of existing customer, subventions available, deviations permitted, future potential, group strength, overall customer yield, nature and value of primary and collateral security, etc. Such information is gathered based on information provided by the borrower, credit reports, market intelligence and information gathered by field inspection of the borrower's premises.
5. The rate of interest for the same product and tenor availed during same period by different customers need not to be standardized. It could vary for different customers depending upon consideration of any or combination of above factors.

### 6. Retail Prime Lending Rate - Calculation Methodology

#### Step I – Portfolio Amortisation Schedule

1. Standard repayment/amortisation schedule of various tenors and products offered is plotted.
2. The amortisation schedule buckets aggregated into standardised, marketable, liquid tenors from borrowing perspective (eg. 1-3 months is aggregated in 3 month or 13-18 month aggregated in 18 months, etc).
3. Tenor mix - Based on business disbursement expectation / historical performance on each tenor, proportion (weightage) is assigned to each tenor.
4. Weighted average amortisation schedule is arrived adding tenor mix to standard amortisation schedule under Step 1

#### Step II - Cost of Funds Curve

Cost of Funds Curve for standard tenors (re step 2) is plotted based on following,

1. Recent historical rates charges by the relationship banks
2. Bond/NCDs yield for the tenors for AAA rated HFCs suitably adjusted for AHFPL.
3. Indicative yields received from market intermediaries.
4. Reference benchmarks published by FIMMDA, RBI, CCIL

## ADANI HOUSING FINANCE PRIVATE LIMITED

### POLICY ON DETERMINING INTEREST RATES

#### Step III- Retail Prime Lending Rate (Weighted average COF) Computation

1. Cost of funds curve (step II) is weighted with above average amortisation schedule (step I) to arrive at the weighted average COF curve for the month.
2. Other adjustment costs - ROE, credit costs, overhead costs are added to arrive at RPLR
3. Business will further add spread over RPLR based on the product (Home Loan, Non-housing Loan), geography risk-based pricing, customer profile etc.
4. RPLR will be valid for all disbursements in following 1 month or for tenor as directed by management.

RPLR to be computed on a quarterly basis with a flexibility of more computation in case of large fluctuations in the market interest rates.


7. The interest rates could be offered on fixed / floating basis. The interest could be charged on monthly or quarterly or half yearly or annual or revolving rests for different products/ segments/schemes.
8. The Business and/or Credit teams shall determine the fixing of the spread to be levied over the RPLR for arriving at the Fixed lending rate to be charged to the customer.
9. Interest rates would be intimated to the customers at the time of sanction / availing of the loan and EMI apportionment towards interest and principal dues would be made available to the customer. Reset of floating interest rates to be as per the guidance provided under para 45.6.17 of the extant Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023
10. The interest / EMI shall be deemed payable immediately on the due date as communicated and no grace period for payment of interest is allowed.
11. Changes in the interest rates and charges would be prospective in effect and intimation of change of interest or other charges would be communicated to customers in a mode and the manner deemed fit.
12. While deciding the charges, the practices followed by the competitors in the market would also be taken into consideration.

This policy shall be subject to review from time to time.

**ADANI HOUSING FINANCE PRIVATE LIMITED**

**POLICY ON DETERMINING INTEREST RATES**

**Annexure**

Sr No	Document Name	Attachment
1.	RPLR calculation Methodology	 Adani Housing BPLR.xlsm