TATA CAPITAL HOUSING FINANCE LIMITED

POLICY FOR DETERMINING INTEREST RATES, PROCESSING AND OTHER CHARGES

1. BACKGROUND

In accordance with the provisions of the relevant Reserve Bank of India (“RBI”) / National Housing Bank (“NHB”) guidelines, the Board of Directors of all Non-Banking Financial Companies (“NBFC”) including Housing Finance Companies (“HFC”) are required to adopt an interest rate model, considering relevant factors such as cost of funds, margin and risk premium, etc. and determine the rate of interest to be charged for loans and advances. Further, the rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different category of borrowers should be communicated to the borrowers / customers in the application form and sanction letters in line with the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.

2. OBJECTIVE OF THE POLICY

To disclose the benchmark rates to be used for different types of customer segments and to decide on the principles and approach of charging spreads to arrive at final rates charged to customers.

3. OWNERSHIP AND REVIEW PROCESS

- The Board of Directors of Tata Capital Housing Finance Limited (“the Company” or “TCHFL”) shall have oversight on the framework for determination of interest rates. To ensure effective implementation of this Policy, the Board may delegate certain operational aspects to management level Asset Liability Committee (“ALCO”), as deemed fit.
- The ALCO shall review the benchmark rate on a quarterly basis or earlier, if required, and changes proposed, if any, shall be accordingly approved by the ALCO.
- Management teams across businesses can have their internal pricing policies under the overall framework of this Policy for deciding the spreads to arrive at final rate. Any changes to business level internal pricing policies, if any, will be approved by the competent committee of the said businesses.

4. INTEREST RATE MODEL

The Company being a HFC lends money through various housing products to cater to the financial needs of different category of customers. The Prime Lending Rate (s) of the Company is calculated based on various factors such as the cost of funds, liquidity / risk premium, carry on investments, operating expenses ratio, default rate, etc.

The borrowing rate for the Company is dependent on the maturity period for which the funds are borrowed. Similarly, the loan assets are priced based on the borrowing rate corresponding to the maturity or tenor for which the asset is created. In case of floating rate loan assets, the pricing is based on the COF or borrowing rate corresponding to the reset period or similar such parameter.

Based on the above, there would be 2 PLR’s which are as follows:

a) New Retail PLR (NRPLR) to be used for Home Loans & Home Equity business.
b) New Corporate PLR (NCPLR) to be used for Construction Finance & Structured Finance business.

Particulars	New PLR	Earliest date for implementation
New Retail PLR (“NRPLR”)	10.60%	12th April ,2024
New Corporate PLR (“NCPLR”)	9.90%	12th April ,2024

Note: NRPLR & NCPLR would be applicable prospectively from 12th April for new cases. For the existing cases, TCHFL’s existing PLR would continue to be applicable.

An individual customer opting for fixed rate loan as per the eligible Home loan and Loan against property product schemes will be eligible for fixed rates loan for a maximum tenure of 3 years with an additional premium of 4.40% over the prevalent floating Rate of Interest (ROI). Upon completion of the fixed rate tenure, the loan will shift to the prevailing floating rated ROI applicable at that point in time.

5. PRINCIPLES AND PROCEDURES FOR CHARGING SPREADS TO CALCULATE FINAL RATE

The rate of interest for loans offered by various business segments is arrived after adjusting for spread by the relevant business segment. Some of the key factors (illustrative but not exhaustive) considered by businesses for calculating spreads are given below:

- Credit and default risk in the related business segment
- Profile of the customer
- Nature and value of collateral security, if any
- Ticket size of loan
- Bureau Score
- Tenure of Loan

The rate of interest for the same product and tenor availed during same period by different customers need not be standardized. It could vary for different customers depending upon consideration of any or combination of above factors.

6. PENAL CHARGE

As a deterrent against intentional delinquency and to encourage prompt and timely repayment of instalments, the Loan Agreement provides for penal charge of upto 2.36% (inclusive of GST) for Home Loans, Home Equity (LAP – Loan against Property) and CF (Construction Finance) / SF (Structured Finance) contracts per month calculated on a percentage basis. In deserving cases, such charge is settled at much lower rates or waived as per the Authorisation Matrix.

7. PROCESSING / DOCUMENTATION AND OTHER CHARGES

All processing / documentation and other charges recovered are expressly stated in the Loan Agreement. They vary based on the asset financed, the exposure limit, expenses incurred in the geographical location, customer segment and generally represent the cost incurred in rendering services to the customers.

8. CHANGE IN LENDING RATE

The ALCO of the Company is authorized to make modifications in the benchmark PLRs of the Company, if required, from time to time. The revisions in the interest rates, processing, documentation, and other charges shall be periodically reported to the Board. The revisions in PLR shall be reported to the Board.

9. Communication Framework

Interest rates would be intimated to the customers at the time of sanction / availing of the loan. Interest Rate Policy would be uploaded on the website of the company and any change in the benchmark rates and charges would be uploaded on the web site of the Company. Changes in the underlying benchmark are available on public domain such as RBI, Bank, and company website. Any changes in the spread and/or charges for existing customers would be communicated to them through acceptable modes of communication such as letter, email, SMS, etc.