

POLICY ON RATE OF INTEREST, FEE, AND CHARGES

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POLICY ON RATE OF INTEREST, FEE AND CHARGES

1. BACKGROUND AND PREAMBLE

The Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 dated 28th Nov 2025 is applicable to the Housing Finance Companies (“HFCs”).

As per the FPC, an HFC, with the approval of its Board is required to adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. It has been prescribed in the FPC that an HFC should lay out appropriate internal principles and procedures in determining interest rates and processing and other charges (including penal charge, if any).

Accordingly, Religare Housing Development Finance Corporation Limited (“Company” or “RHDFCL”) has adopted this ‘Policy on Rate of Interest, Fee and Charges’ (“Policy”) with the approval of its Board of Directors.

2. PURPOSE

This Policy has been reviewed and is being proposed, with amendments, for adoption to put in place appropriate internal policy parameters with respect to determination of interest rates, processing fee and other charges including penal charge.

3. REVIEW OF THE POLICY

The Policy shall be reviewed as and when required by the applicable rules and regulations. In case of any further review and amendments required, such amendments to the Policy may be approved by the Asset Liability Management Committee (“ALCO”) of the Company. However, after such amendments, the Policy with amendments carried-out during the year shall be presented before the Board for their ratification within a year.

4. POLICY ON RATE OF INTEREST

4.1 Types of Interest Rates- The Company may offer following types of interest rates to the customers:

- (a)** Fixed Rate of Interest
- (b)** Floating Rate of Interest
- (c)** Combined/ Dual Rate of Interest which is mix of fixed and floating rate of interest.

4.2 Benchmark Rate of Interest of the Company

(a) The Company will have a Benchmark Rate of Interest which may be called as ‘Prime Lending Rate’ (“PLR”) and the same shall be used for the following purposes:

- (i)** The Floating Rate Loans offered by the Company shall be pegged to such Benchmark Rate of Interest of the Company.
- (ii)** The Benchmark Rate of Interest shall also be used as indicator for deciding the Fixed Rate Loans offered by the Company.

(b) The Benchmark Rate of Interest will primarily be based on the following factors:

- (i)** Weighted average Cost of Fund (Liquidity Cost)

- (ii) Operating Cost.
 - (iii) Provisioning Requirements/ Credit Cost
 - (iv) Profit Margin
 - (v) Business Strategy of the Company which may also consider aspects like business objectives, market competition etc.
- (c) The weighted average cost of funds, i.e. liquidity cost, is one of the main factors for computation of the Benchmark Rate of Interest/ PLR.

4.3 Approach for Gradation of Risk and Rationale for Charging Different Rate of Interest to Different Categories of Borrowers- For pricing grid/ range of interest rates, margin/ spread shall be applied on the Benchmark Rate of Interest/ PLR based on the following risk parameters:

- (a) Type of loan/ end-use of the loan.
- (b) The borrower's income and occupational profile based on credit assessment by the Company.
- (c) Credit bureau scores, internal/ external credit rating etc.
- (d) Additional provisioning/ cost of capital and credit/ operational cost/ additional risk underwritten.
- (e) Business strategy of the Company and market competition.

Further, based on competitive reasons or risk mitigants offered or in the Company's business interest, the authorised official at his/ her discretion may approve additional risk premium or discount up to a certain extent.

In view of the above approach based on gradation of risk adopted by the Company, the applicable rate of interest shall be different for different categories of borrowers.

4.4 Authority- The ALCO shall have authority to decide/ review the PLR/ Benchmark Rate of Interest of the Company in accordance with parameters defined in the Policy.

The Managing Director & Chief Executive Officer of the Company ("MD & CEO")/ Whole-Time Director & Chief Financial Officer (WTD & CFO) shall have authority to approve band of interest rates/ pricing grid for various types of loan products of the Company based the parameters prescribed in this Policy. The MD & CEO/WTD & CFO shall, also, have such authority to any official of the Company. Further, the MD & CEO/WTD & CFO shall have authority to decide the nomenclature of the Benchmark Rate of Interest and various types of interest rates offered of the Company.

4.5 Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans¹ including Housing Loans

- (a) At the time of sanction, the Company shall communicate to the borrowers about the possible impact of a change in interest rate on the loan leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels.
- (b) At the time of reset of interest rates, The borrowers shall also be given the choice to opt

¹ As defined in the RBI circular No. DBR.No.BP.BC.99/08.13.100/2017-18 on "XBRL Returns - Harmonization of Banking Statistics" dated January 04, 2018.

for the following:

- (i) Enhancement in EMI or elongation of tenor or for a combination of both options; and,
 - (ii) To prepay, either in part or in full, at any point during the tenor of the loan. However, levy of foreclosure charges/ pre-payment penalty shall be subject to extant instructions.
- (c) Further, at the time of reset of interest rates, the Company shall provide an option to the borrowers to switch over to a fixed interest rate as per its Board approved policy. However, as per the policy adopted by the Company, the borrower shall be allowed to switch 2 times during the tenor of the loan from floating rate to fixed rate on the reset of interest rate due to change in R HDFCL Benchmark Rate of Interest.
- (d) All applicable charges for switching of loans from floating rate to fixed rate or vice versa and any other service charges/ administrative costs incidental to exercise of the above options shall be transparently disclosed in the sanction letter and also at the time of revision of such charges/ costs by the Company.
- (e) The Company shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.
- (f) The Company shall share/ make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and the applicable annualized rate of interest for the loan.

Note: Policy for reset of floating interest rate on equated monthly installments (EMI) is attached as annexure in this policy

4.6 Other Aspects Relating to Rate of Interest

- (a) The rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower/ customer in the application form and communicated in the sanction letter.
- (b) The rate of interest shall be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.
- (c) Instalments collected from borrowers shall indicate the bifurcation between interest and principal.
- (d) The Company shall ensure adequate transparency in communications with the borrowers by appropriate disclosures relating to interest rates on its website, loan application, sanction letter, a document containing the Most Important Terms and Conditions and the loan agreement.

5. POLICY ON FEES AND CHARGES

- 5.1 The Company may levy various charges such as processing fee, administrative charges, documentation charges, penal charges/ interest (as applicable), pre-payment penalty, cheque bounce charges and other various fee/ charges for services or as penalty as deemed fit.

5.2 Processing Charges and other Charges- The range of processing fee, administrative charges, documentation charges, or any other charges would depend on:

- (i) Expenses incurred towards sourcing, processing and other expenditure incurred towards completing a loan transaction/ security creation etc.
- (ii) Nature and volume of documentation involved,
- (iii) Services required from external agencies during appraisal process, cost(s) incurred in rendering services, property insurance etc.

5.3 Penal Charges/ Interest- In addition to the Processing Fee, the Company may also levy penal charges/ interest (as applicable), cheque bounce charges and other various charges as deemed fit. The Company will mention penal charges/ interest (as applicable) charged for late repayment on the EMI and PEMI in bold in the loan agreement. With respect to levy of penal charges/ interest, in accordance with the RBI Master Direction on Non-Banking Financial Companies – Responsible Business Conduct, dated 28th Nov, 2025, the Company shall implement the following guidelines with respect to all new loans sanctioned/ disbursed:

- (a) The penalty charged by the Company, for non-compliance of material terms and conditions of loan contract (including default in repayment) by the borrower shall be treated as ‘penal charges’ and it shall not be added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges i.e additional/fresh penal charges will not be levied on the earlier outstanding amount of the penal charges.. However, this will not affect the normal procedures for compounding of interest in the loan account, if any.

The Company may charge interest on unpaid interest (including on unpaid EMI) at the contracted rate of interest till the date of remediation, and not at the penal rate of interest.

The Company shall follow the instructions and clarifications, if any, issued by Central Board of Indirect Taxes & Customs (CBIC) with regard to applicability of GST on penal charges

- (b) The Company shall not introduce any additional component to the rate of interest and ensure compliance in both letter and spirit.
- (c) The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan/ product category.

However, the structure of penal charges within a particular loan / product category shall uniform irrespective of the constitution of the borrower.

- (d) The penal charges in the case of loans sanctioned to ‘individual borrowers, for purposes other than business’, shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.
- (e) The quantum and reason for penal charges shall be disclosed by the Company to the customers in the loan agreement and the MITC, in addition to being displayed on the Company website under Interest rates and Service Charges.
- (f) Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

In the case of existing loans, switchover to new penal charges regime as mentioned above

shall be implemented on or before June 30, 2024.

5.4 Charges towards Foreclosure/ Pre-Payment/ Part-Payment

- (a) In accordance with the extant regulatory requirements, as applicable from time to time, the Company may levy pre-payment charges for early closure/ part-payment of the loans extended by it.
- (b) The Company shall not charge pre-payment levy or penalty on pre-closure of housing loans under the following situations:
- Where the housing loan is on floating rate basis and pre-closed from any source.
 - Where the housing loan is on a fixed rate basis and the loan is pre-closed by the borrower out of their own sources.

Please Note:

- (a) *The expression "own sources" for the purpose means any source other than by borrowing from a bank/ HFC/ NBFC and/or a financial institution.*
- (b) *All dual/ special rate (combination of fixed and floating) housing loans will attract the pre-closure norms applicable to fixed/ floating rate depending on whether at the time of pre-closure, the loan is on fixed or floating rate. In the case of dual/ special rate housing loans, the pre-closure norm for floating rate will apply once the loan has been converted into floating rate loan, after the expiry of the fixed interest rate period.*
- (c) *It is also clarified that a fixed rate loan is one where the rate is fixed for the entire duration of the loan.*
- (c) The Company shall not impose foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).
- (d) Applicable foreclosure/ pre-payment/ part-payment charges shall be published on the Company's website, from time to time.

5.5 Authority to Approve Fees/ Charges- +-The MD & CEO/WTD & CFO shall have authority to approve various types of Fees and Charges applicable on various loan products and, also, to delegate such authority to any official of the Company.

6. DISCLOSURE AND TRANSPARENCY

The Company shall disclose annualized Rate of Interest and Fee/ Charges in the Sanction Letter and the Loan Agreement. Further, the Company shall provide information on latest Rate of Interest, Fee/ Charges through any one or more of the following channels:

- Putting up notices at branch.
- Through Customer Service representatives.
- Through E-mail/ SMS/ Electronic Message.
- On the Company's Website.

The Benchmark Rate of Interest of the Company, Schedule of Charges, requisite information relating to Rate of Interest along with other regulatory disclosures shall be published on the Company's website, as may be required under the applicable regulations from time to time.

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Annexure

POLICY FOR RESET OF FLOATING INTEREST RATE ON EQUATED MONTHLY INSTALMENTS (EMI)

**RELIGARE HOUSING DEVELOPMENT FINANCE CORPORATION
LIMITED**

1. Introduction

Religare Housing Development Finance Corporation Limited (“RHDFCL” or the “**Company**”), as a Housing Finance Company, is required to comply with the regulatory directions/ notifications/ guidelines prescribed by the Reserve Bank of India (“RBI”) from time to time.

The RBI, vide its directions for Non-Banking Financial Companies – Responsible Business Conduct dated 28th Nov 2025 has issued its instructions on ‘**Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans**’. As per the RBI Notification, regulated entities (REs) have the freedom to offer all categories of advances either on fixed or on floating interest rates basis.

2. Objective of the Policy

At the time of sanction of EMI based floating rate, RHDFCL is required to take into account the repayment capacity of borrowers to ensure that adequate headroom/ margin is available for elongation of tenor and/ or increase in EMI, in the scenario of possible increase in the external benchmark rate during the tenor of the loan.

However, in respect of EMI based floating rate personal loans, in the wake of rising interest rates, several consumer grievances related to elongation of loan tenor and/or increase in EMI amount, without proper communication with and/or consent of the borrowers have been received.

In order to address above concerns, RBI has advised to put in place an appropriate policy framework for “**Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans**”.

In view of the provisions prescribed in the RBI Notification, RHDFCL has formulated this ‘**Reset of Floating Interest Rate on Equated Monthly Instalments (EMI)**’ Policy and shall be adopting the Policy once approved by the Board of Directors.

3. Applicability

The RBI Circular covers EMI (Equated Monthly Instalment) based floating rate only for personal loans*. Apart from the equated monthly instalment loans, this policy shall be applied to all equated instalment based loans of different periodicities. If the loan is not based on EMIs, that is, it is a bullet repayment loan, it does not covered by this policy.

It is not mandatory for the NBFCs/ HFCs to link their Floating Rate of Interest to an External Benchmark.

This policy shall be extended to the existing as well as new loans suitably by December 31, 2023 (as per main RBI circular notification dated Aug 18, 2023). At the time of reset of interest rates a communication shall be sent to all existing borrowers through appropriate

channels mentioned in the paragraph 6 below, intimating the options available to borrowers.

***Note-** Personal Loan defines as per RBI- Personal loans refers to loans given to individuals and consist of (a) consumer credit, (b) education loan, (c) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), and (d) loans given for investment in financial assets (shares, debentures, etc.).

4. Approval and Review of the Policy

The Policy shall be adopted by the Company with the approval of its Board of Directors. The Policy shall be reviewed as and when required.

5. Framework meeting the RBI Notification requirements for implementation and compliance:

- a. At the time of sanction, RHDFCL shall clearly communicate to the borrowers about the possible impact of change in Benchmark Rate of Interest ('Prime Lending Rate' ("PLR")) on the loan leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels mentioned in the paragraph 6 below.
- b. At the time of reset of interest rates, RHDFCL shall provide the option to the borrowers to switch over to a fixed rate. The fixed rate offered on reset of Benchmark Rate of Interest (i.e. Prime Lending Rate) shall be presented to the Board of Directors of the Company for their views and approvals.
- c. In relation to above point "b", the borrower shall be allowed to switch 2 times during the tenor of the loan from floating rate to fixed rate on the reset of interest rate due to change in RHDFCL Benchmark Rate of Interest. Switch over to a fixed rate by the borrowers shall not allowed other than reset of interest rates due to change in RHDFCL Benchmark Rate of Interest.
- d. The borrowers shall also be given the choice to opt for (i) enhancement in EMI or elongation of tenor or for a combination of both options; and, (ii) to prepay, either in part or in full, at any point during the tenor of the loan. Levy of foreclosure charges/ pre-payment penalty shall be subject to extant instructions from RBI/NHB/any law.
- e. All applicable charges for switching of loans from floating to fixed rate and any other service charges/ administrative costs incidental to the exercise of the above options shall be transparently disclosed in the sanction letter and also at the time of revision of

such charges/ costs by the RHDFCL will be published on the Company's website from time to time.

- f. RHDFCL shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.
- g. RHDFCL shall share / make accessible to the borrowers, through appropriate channels mentioned in the paragraph 6 below , a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest / Annual Percentage Rate (APR) for the entire tenor of the loan. The RHDFCL shall ensure that the statements are simple and easily understood by the borrower.

6. DISCLOSURE, APPROPRIATE CHANNELS AND TRANSPARENCY

The Company will provide above information/document through any one or more of the following channels:

- v) Putting up notices at branch.
- vi) Through Customer Service representatives.
- vii) Through E-mail/ SMS/ Electronic Message/Letter.
- viii) On the Company's Website.

7. AMENDMENTS TO MADE

In compliance of RBI Notification, RHDCL shall carry out necessary amendments in its loan application form/ Loan agreement/ MITC/Sanction and in any other documents/policy, as may be required to amend.