

**INTEREST RATE POLICY**

**OF**

**DMI HOUSING FINANCE PRIVATE LIMITED**



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## 1. Preamble

Though interest rates are not regulated by the Reserve Bank of India ('RBI'), rates of interest beyond a certain level and not commensurate to the risks undertaken for the particular transaction may be seen to be excessive and can neither be sustainable nor be conforming to normal financial practice.

Given that the business model of DMI Housing Finance Pvt. Ltd. ("**DMI**") focuses on extending the loans to individuals/corporates across tenor bands, the fixed interest rate (comprising the aggregate running coupon and that, if any, payable on redemption) charged shall be in the band of 8.99% to 19.50% per annum (excluding upfront or back ended fees) based on the evaluation of various risks detailed hereunder:

## 2. Establishing an Interest Rate

The interest rate applicable to a loan will be determined as per below mentioned schedule:

<b>Interest Rate Structure</b>				
<b>Slab</b>	<b>Fixed</b>		<b>Floating</b>	
	<b>Minimum</b>	<b>Maximum</b>	<b>Minimum</b>	<b>Maximum</b>
<b>Housing Loan to Individuals for acquisition/construction of houses/upgradation of existing houses</b>	PLR – 576 bps (i.e. currently 8.99%)	19.50%	PLR – 576 bps (i.e. currently 8.99%)	19.50%
<b>Non-Housing Loan to Individuals</b>	PLR – 375 bps (i.e. currently 11.0%)	19.50%	PLR – 375 bps (i.e. currently 11.0%)	19.50%
<b>Housing Loan to Builders/Corporates etc.</b>	PLR – 375 bps (i.e. currently 11.0%)	19.50%	PLR – 375 bps (i.e. currently 11.0%)	19.50%
<b>Non-Housing Loan to Builders/Corporates</b>	PLR – 175 bps (i.e. currently 13.0%)	19.50%	PLR – 175 bps (i.e. currently 13.0%)	19.50%



**Interest Rate Criteria for Corporate Borrowers:**

The interest rate will depend on the following factors:

- Credibility of the promoters
- Type and No. of projects being developed by the borrower
- Cash flows of the borrower and its group companies
- Tenure of loan,
- Credit history of the borrower,
- Security offered by the borrower i.e. Real Estate or Shares, Personal or Corporate Guarantee or any other security as may be considered fit by the company.
- All other aspects as the management may deem fit

**Interest Rate Criteria for Individual Borrowers:**

- Credit history and CIC score of the borrower,
- Type of Loan (Home Loan/LAP/Construction Loan)
- Salary/Business Income/Family Income
- Source of Income (Formal/Cash)
- Property Type i.e. Builder Floor/Plot Construction or Purchase/Flat purchase
- All other aspects as the management may deem fit

The final rate is subject to approval of the competent authority as delegated from time to time. Currently, the same has been delegated to CBO, BH & ZBH.

**3. Factors affecting rate of interest**

- Costs of Funds** - The rate of interest charged is also affected by the rate at which the funds necessary to provide loan facilities to customers are sourced normally referred to as internal cost of funds.
- Internal cost loading** - The interest rate charged will also consider costs of doing business. Factors such as the complexity of the transaction, the size of the transaction and other factors that affect the costs associated with a transaction should be considered before arriving at the final interest rate quoted to a customer.
- Credit Risk** - As a matter of prudence, bad debt provision cost should be factored into all transactions. This cost is then reflected in the final interest rate quoted to a customer. The amount of the bad debt provision applicable to a transaction depends on the credit strength of the customer. The credit risk is



factored in the interest rate via bureau score, type of income etc.

Further various methods mentioned below are used for evaluating credit risk by the company:

**Credit Risk Evaluation for Corporate Borrowers:**

The credit risk for Corporate Borrowers is evaluated after taking into consideration the following factors:

- Debt/Equity ratio,
  - Interest Coverage Ratio,
  - Debt Service Coverage Ratio,
  - Track record with other lenders
  - Market Value of assets owned by the Group
  - Security Cover
  - Any other factor depending on case to case basis
- d) **Fixed versus floating** – the applicable interest rate shall also be commensurate from the perspective of the fixed versus floating interest rate requirements of the customers and shall have to be decided in view of the benchmarks deliberated above.

Apart from the above, the Company does a detailed analysis of the borrower through its online portal where all criteria's mentioned above are reviewed by the committee which takes decision on the loans.

**4. Penal Charges**

DMI will charge a penal charge up to 24% per annum in case of delay in payment of amounts to DMI HFC, calculated as per the extent RBI guidelines.

**Content on the website**

The interest rates shall be displayed on the company website, if any, as per the NHB directions.

