

GODREJ HOUSING FINANCE LIMITED

Interest Rate & Charges Policy

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1. Introduction

Godrej Housing Finance Limited (Company or GHF) is engaged in the business of extending loans to different types of customers. These loans and allied products could be backed by mortgage or otherwise. Considering its costs for raising resources for on-lending, cost of business operations and risk which it assumes, GHF levies interest rate for the loan and collects charges for several services it extends to its Borrowers, while ensuring that company remains competitive.

The Interest Rate & Charges Policy (Policy) contains details regarding application & review of interest rate and charges on the applicants and borrowers of GHF along with other matters incidental thereto.

2. Scope & Application

The Policy shall be applicable in respect of all loans extended by GHF except loans extended under Demand / Call loan Policy.

3. Regulatory Requirement

As per Point A.8 and A.9 of Chapter X - Fair Practice Code of Reserve Bank of India (Housing Finance Companies) Directions, 2025 ("RBI Direction") read with Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025, all Housing Finance Companies are required to have a policy for Interest Rate and Charges.

4. Purpose

The objective of the policy is to

- Lay down the interest rate and charges framework for GHF,
- Provide the type of interest rate and charges which can be levied,
- Provide the procedure & frequency for review and change of interest rate and charges,
- Lay down the mechanism for changes in the interest rate and charges,
- Provides the disclosure mechanism for interest rate and charges,
- Lays down the Governance Framework for the Policy
- Lays down the mechanism for review, change and modification in Policy.

5. Business wise approach

The Loan book of Company has primarily three types – (a) loan originated and fully owned by Company, (b) loan originated under co-lending and (c) loan acquired through Direct Assignment route.

a. Organic Business

The Company may offer any of the below interest rates:

Type of Rate	Brief Description
Floating Rate	• It's a rate which is linked to benchmark rate i.e. GHF Prime Lending Rates At present Floating PLRs of the Company are: GHFPLR/GHFPLRCR/GHFPLREMP//REPOIPLR/REPOSPLR/GHFPDEMI/GHFPLRIF • Spread could either be negative or positive from the GHFPLR • GHFPLR is subject to review by Asset Liability Management Committee • Changes in GHFL-PLR will be dealt as per Bulk rate reset paragraph in the Policy

Semi-Fixed Rate (Hybrid rate)	• It's a rate which is linked to benchmark rate i.e. GHF Prime Lending Rates. • Spread could either be negative or positive from the GHFPLR • GHFPLR is subject to review by Asset Liability Management Committee • For a set period of time which will be informed to the Borrower the rate of interest shall remain fixed at the offer rate and will not change even if there is a change in LR • After expiry of the period for the ROI is fixed, the rate of interest offered to customer shall become floating and will be subject to change with change in PLR • Changes in GHFL-PLR will be dealt as per Bulk rate reset paragraph in the Policy
Fixed Rate	At present Fixed PLR's are: • GHFPLRFX/ GHFXCRE • A fixed rate loan is one where rate of interest remains fixed or unchanged during the period of loan except in case of reset due to extenuating circumstances such as (a) extreme rate movements, (b) force majeure or (c) due to regulatory actions,

b. Co-lending

Company can enter into two type of co-lending partnerships viz (a) where company is a senior partner or (b) where the company is a junior partner.

The interest rate and any other fees/ charges on the underlying loans charged to the borrower shall be based on the contractual agreement between co-lending partners. The final interest rate charged to the borrower shall be the blended interest rate which is calculated as an average rate of interest derived from the interest rates charged by respective funding co-lending partners, as per their internal lending policies and risk profile of the same or similar borrower, weighted by the proportionate funding share of concerned partners under Co-lending agreement.

The fees/charges payable to sourcing or servicing entity shall depend upon relevant factors such as the nature of service provided, quantum of loan, etc. Such fees/charges shall not involve, directly or indirectly, any element of credit enhancement/default loss guarantee.

Any fee/charges payable to the sourcing or servicing entity shall be part of a separate arrangement and shall not be included in the calculation of blended interest rate. All such additional charges, together with the blended interest rate charged to the borrower, shall be incorporated in computation of annual percentage rate (APR) and disclosed appropriately in the KFS.

Company may opt for an external benchmark for co—lending loans. The said benchmark rate will be placed for approval of the Asset Liability Management Committee of the Company.

The applicable interest rate shall be communicated to the customers as a part of the loan documents and made available on the website of the Company.

Where the Company is a senior partner, interest rate on these loans will be linked to the PLR of the Company.

c. Direct Assignment

Loan acquired via direct assignment, interest rate on these loans may be referenced to an external benchmark rate of banks/ FIs from where they are originated and may not be necessarily in line with the Company's benchmark rate.

6. Interest rate model

a. GHF Prime Lending Rate

The Prime Lending Rate of GHF will be decided by considering the following factors:

Component	Description
Cost of Capital	It is the cost of return for equity investors which the Company would require to pay
Marginal/ Incremental Cost of Borrowing	It is the cost of raising funds from external sources
Liquidity cost	It is the cost of maintaining surplus liquidity on balance sheet
Operating Cost	It is the operational cost associated with the products
Minimum Standard Asset Provisioning	It is the cost associated with the minimum provisioning requirements for the assets as per regulatory guidelines
Expected Credit Loss	It is the cost of risk which is carried on account of the credit worthiness of the borrower
Risk Premium	It shall be determined by taking into account the minimum margin the Company wants to maintain along with degree of risk involved in loan

Frequency of review of PLR

The rate and components of PLR will be reviewed on a half-yearly basis. Any changes in the components of PLR will be approved by the Asset Liability Management Committee of the Company.

Types of PLR

At present, Company has nine types of Prime Lending Rates – (a) GHFPLR and (b) GHFPLR-CR (c) GHFPLREMP (d) GHFPLRFX (e) REPOIPLR (f) REPOSPLR. (g) GHFFXCRE (h) GHFPDEMI (i) GHFPLRIF. The differentiating features of the PLRs is as below:

- (a) GHFPLR or Godrej Housing Finance Prime Lending Rate is the PLR which is used for salaried customers which have historically carried lower credit risk.
- (b) GHFPLR-CR or Godrej Housing Finance Prime Lending Rate-Credit Risk is the PLR which is used for non-salaried customers which have historically carried higher credit risk.

Considering the non-salaried customers carry higher credit risk the GHFPLR-CR shall carry a higher risk premium vis-à-vis GHFPLR.

- (c) GHFPLREMP or Godrej Housing Finance Prime Lending Rate for Employees is the PLR which is used for loans availed by employees.
- (d) GHFPLRFX or Godrej Housing Finance Prime Lending Rate for Semi Fixed Housing Loans is the PLR introduced for providing semi fixed housing loans.
- (e) REPOIPLR or Godrej Housing Finance Prime Lending Rate for Co-Lending transactions with ICICI Bank Limited is linked with RBI Repo rate
- (f) REPOSPLR or Godrej Housing Finance Prime Lending Rate for Co-Lending transactions with South Indian Bank
- (g) GHFFXCRE or Godrej Housing Finance Prime Lending Rate for providing semi fixed housing loans having CRE exposure

- (h) GHFPDEMI or Godrej Housing Finance Prime Lending Rate for Housing loans which have been provided special product feature of Partial Morat, popularly known as “DEMI”
- (i) GHFPLRIF or Godrej Housing Finance Prime Lending Rate for Inventory Funding product of the Company

Sub PLR - Sub PLR is the rate lower than the PLR. GHFL may provide loans at Sub PLR after considering the credit worthiness of the borrower. The rate will be approved by the authority as per the Delegation of Powers.

The Company may adopt new PLR as may be required from time to time with the approval of ALCO.

The GHF PLR will be calculated by the Treasury Team, reviewed and approved by the Asset Liability Management Committee (ALCO).

b. Spread

I. Credit Risk Profile- It may be decided based on the following factors:

- (i) Assessed Industry risk and current level of Rate of Interest in the market for similar lending activity;
- (ii) Quality of Security/ Collateral;
- (iii) Internal, External Credit Rating and Credit-worthiness of the borrower
- (iv) Profile of Customer: Customer profile which includes their experience, educational qualifications, market reputation, business profile, financial profile, business model, etc. is an important factor deriving the interest rate for the loans
- (v) Internal credit scorecards and risk models
- (vi) Any other factor as may be decided by the credit team

II. Tenor

III. Business Strategy- It may also consider aspects like business objectives, market competition, embedded options in the loan product etc.

IV. Collateral – whether any collateral is available or not, the quality of collateral and its liquidity position in event of foreclosure,

V. Additional Credit/ Operational Cost

The rate of interest for the same product and tenor availed during same period by different customers need not be the same. It could vary for different customers depending upon the risk profile of the customer and shall be at sole discretion of Company.

c. Risk Based Pricing

GHF will price its loans in line with the risk which it will assume by extending a loan. The spread for different profiles which will be linked to the PLR will be decided by Asset Liability Management Committee (ALCO). However, at no point shall any kind of additional risk burden shall be placed on any person due to reasons such as visually or physically challenged.

Guiding Principles

1. The profile will be as per the credit policy of the company
2. The final rate and type will be decided as per the Delegation Matrix
3. For final rate factors mentioned in spread to be considered

4. Rate to be offered to the customer via Sanction Letter acceptance of which will lead to confirmation
5. Company will 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.

Deciding Final Rate for Borrowers

d. Bulk Rate Changes

The Company may reset floating rate on its personal loans in line with the changes in its PLR. The Company shall clearly communicate to the borrowers about the possible impact of change in benchmark interest rate on the loan at the time of sanction and during the tenure of the loan.

Following actions shall be undertaken by the Company:

- At the time of reset of interest rates, the Company may, at its discretion, provide the option to the borrowers to switch over to a fixed rate in conformity with extant guidelines. This fixed rate shall be linked to the fixed PLR of the Company and shall be as per the rate decided by the Asset Liability Management Committee.
- The Borrower may, at the discretion of the Company and in conformity with extant guidelines, be allowed to switch to fixed rate from floating and vice-versa any number of times during the tenor of the loan, subject to payment of switching charges of the Company,
- 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. However, the option to enhance EMI or tenure or combination shall be within the risk / credit parameters of the Company such as that the elongation of tenor in case of floating rate loan does not result in negative amortisation.

e. Charging of Interest

The Company charges an interest rate to the Borrower from date of actual disbursement of funds by the Company.

f. Interest rate ceiling

In accordance with the latest guidelines and best business practices, the Company is keeping a ceiling of 34% on the interest rate charged to the customers.

g. Sub-PLR Lending

Considering the fact that Company has recently started its retail lending operations and the fact that Company needs to remain competitive in the market by offering a rate of interest consistent to what is priced by its peers, Company may offer ROI at sub-PLR to its Borrowers.

h. Post Disbursement changes in terms & conditions

Scenarios	Details
Changes as per Product opted by customer	Any change which is done as per the distinct product opted by the borrower
Any other changes as loan terms contained in Finance Documents	Any change such levy of penal charge in the event of delinquency or change of loan classification in event of diversion of funds as per Finance Documents
Changes due to part-payment	In event of part-payment of loan outstanding
Changes in ROI due to change in GHF PLR	Any upward / downward change in GHF PLR

Re-pricing the loan in case of change in risk profile	• Change in borrower profile, • KYC risk change, • Delinquency of loan • Any other contributing factor causing change in risk score of borrower
Breach of loan terms and conditions	Any breach of terms of condition of Finance documents will lead to the right of the Company to charge higher interest rate or accelerate the loan
Change in other Sanction terms: • Adding / Removing a borrower • Change / release / Addition of collateral • Any other Sanction Terms change	As per scenario prescribed
Loan Downsize	Either on request of borrower or in event Lender is of view that further loan must not be extended
Switch of ROI from fixed to floating	On customer request

Changes in terms & conditions of loan post disbursement shall be allowed to all eligible class of customers who fit into the scenarios prescribed above as per the Standard Operating Procedure (SOP) approved by the Chief Risk Officer & Credit Head

Risk Review of Customer Profile

GHFL may at its discretion conduct a risk review of customer profile and basis that risk review vary the spread offered to the borrower as per respective risk profile. Change in spread of Borrower may result into change in interest rate offered to the borrower.

7. Schedule of Charge

Charges leviable by GHF are consolidated under Schedule of Charges. Charges are for services provided by GHF to the customer or for recovering cost for activities done in relation to loan. GST, any cess & other taxes, levies etc. prescribed by the Government of India or the respective state will also be charged from the customer. Further, the fee and charges are subject to review and will be at the sole discretion of Godrej Housing Finance Limited. Charges levied may vary from customer to customer depending on the profile, product offering selected, other nuances of the loan.

a. Type of Charges

The list of charges below is an indicative list and may undergo modification basis decision of competent authority.

On-Boarding Charges

These are the charges levied before the loan is disbursed and would include:

- Processing fee
- Stamping or Franking
- Charges towards Stamp Duty/ Registration/ Intimation of mortgage/ Creation of Mortgage
- Charges to be paid to CERSAI/ CKYCR
- Technical Fees (For additional property)
- Valuation fee in Construction Linked Loan cases

Life Cycle Charges

These are the charges which are leviable in the event of a trigger. They are:

- Physical Statement of Account
- Physical Duplicate NOC
- Physical Repayment Schedule
- List of Documents
- Instalment Pick up
- Physical copy of Property documents
- Charges to issue Loan Foreclosure letter
- Conversion or Switch (Changing Floating Rate to Fixed Rate or vice versa)
- Repricing Fee
- Demand Draft or Pay Order Re-issuance or Cancellation
- Bank Charges on Cheque/ECS / NACH Bounce

Recovery Charges

These charges are related to loan recovery and are as below:

- 1st presentation EMI Bounce every month
- 2nd presentation EMI Bounce every month
- Late Payment/ Penal charges (Per month)
- Repayment mode - Cheque/NACH Swap
- Charges towards Legal/ SARFAESI/ Recovery action

Penal Charges

The Company may levy a penal charge equivalent to **2% of total EMI outstanding amount (principal plus interest)**. There shall be no capitalization of penal charge. Following are situations which are considered as material breach of terms and conditions and company may levy penal charges for them:

1. Non-repayment of loan dues,
2. Non-submission of documents committed to be submitted to the Lender,
3. Other terms and conditions as contained in Loan Agreement or Borrowers Documents

Pre-Payment/ pre-closure Charges

These charges shall be leviable in the event of closure of loan facility with GHF as per the extant regulations which prescribe as under:

Housing Loans

GHFL shall not charge pre-payment levy or penalty on pre-closure of housing loans under the following situations:

- a) Where the housing loan is on floating interest rate basis and pre-closed from any source.
- b) Where the housing loan is on fixed interest rate basis and the loan is pre-closed by the borrower out of their own sources.

The expression "own sources" for the purpose means any source other than by borrowing from a bank/ HFC/ NBFC and/or a financial institution.

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 case of a 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. This applied to all such dual/ special rate housing loans being foreclosed hereafter. It is also clarified that a fixed rate loan is one where the rate is fixed for entire duration of the loan.

Non Housing

GHFL shall not impose foreclosure charges/ pre-payment penalties on below :

- a) Floating rate loans granted to individuals for purpose other than business
- b) Floating rate loans granted to individuals or Micro & Small Enterprises with sanctioned amount / limit upto Rs. 50 Lakhs for business purpose

For remaining housing / non housing loans, charges as detailed in Schedule of charges shall apply.

For semi-fixed loans – during fixed tenure the fixed charges will apply and vice-versa for floating tenure.

Other Charges

Other miscellaneous charges would be:

Charge Description
Other Documents
Miscellaneous Charges

The detailed Schedule of Charges is hosted on Website of the Company:

<https://www.godrejhf.com/ghf/information-and-policies>

a. Waiver of Charges

The charges can be waived as per the Delegation matrix.

b. Review & Change in Schedule of Charges

The treasury / business / customer service team can review the Schedule of charge and can recommend changes to it to the Asset Liability Management Committee.

c. Mode of Informing Change in Charges

All changes in interest rate and charges will be done on prospective basis. Any revision in rate of interest or fee/ charges by the Company shall be notified through any one or more of the following media and shall be construed as full notice to the customer:

- Letter on the last known address;
- E-mail on the registered E-mail ID;
- SMS/ telephone/ electronic message on the registered mobile no.;
- Notice at the Company's branches;
- Notice on the Company's website.

d. Introduction of new charge

New charge can be introduced, as may be required, by the Company may be due to the following scenarios:

- Introduction of new product/ sub-product
- Revision in existing products
- Change in processes
- Change in regulations

For the introduction of new charge, following points shall be considered:

- Regulatory norms
- Rationale for introduction of new charge
- Process of implementation of new charge
- Industry benchmarking
- Change in customer disclosure documents

Any new charge shall be approved by the Asset Liability Management Committee of the Company. New charges will be levied prospectively.

8. Disclosures

a. Website Disclosures

As per RBI Directions, the following is displayed on the website of the Company with respect to interest rate and charges:

- Interest rate and Charges Policy
- The rates of interest and the approach for gradation of risks in Application form and sanction letter.
- Interest rate range of contracted loans for the past quarter for different categories of advances granted to individual borrowers along with mean interest rates for such loans.
- The total fees and charges applicable on various types of loans to individual borrowers including the quantum and reason for penal charges
- Annual Percentage Rate (APR) or similar arrangement of representing the total cost of credit on a loan to an individual borrower

b. Other Disclosures

Disclosures with respect to interest rate and charges shall be as per regulatory norms and shall be disclosed to customer on:

- Application form
- Sanction letter
- Most Important Terms and Conditions
- Key Fact Statement
- Loan Agreement
- Notice Board of branches

The Company may disclose the same in any other document, in addition to above regulatory requirement, for the information of the customer.

9. Governance Framework

a. Board of Directors

- To consider and approve interest rate and charges policy
- To review interest rate and charges policy

b. Asset Liability Management Committee

- To amend or modify interest rate and charges policy
- To approve changes in Schedule of charges
- To approve and fix GHF PLR and any revisions thereto
- To review components of PLR as per prescribed frequency
- All other matters incidental to policy

c. Product Committee

- To review and recommend changes in Schedule of charges
- To review and recommend new GHF PLR and any revisions thereto
- To review components of PLR as per prescribed frequency

The Governance framework mentioned herein shall be read along with terms of reference / Charter of Board / Committees approved by the Board of Directors. In case of any conflict, the Terms of Reference / Charter approved by Board to be preferred

10. Review, Modification & Changes

- There shall be an annual review of the Policy by the Board of Directors
- The Board of Directors can at any time modify or amend, either the whole or any part of the policy.