



**ORANGE CITY HOUSING**  
Finance Private Limited  
(Formerly Known as ORANGE CITY HOUSING FINANCE LIMITED)

**Interest Rate Policy**

**Version 1.1**

**For Private Circulation Only**

## Interest Rate Policy

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### I. Introduction

Orange City Housing Finance Private Limited (OCHFL) operates with a stated vision of contributing meaningfully towards increasing housing stock in India by providing institutional housing credit to deserving customers. The Target customers of the Company are the first-time home buyers who have remained outside the ambit of formal financial channels and are looking to purchase affordable housing units in Tier I, Tier II, Tier III cities or outside the peripheries of main metros.

The primary business of OCHFL is long term lending. Interest rate offered to our prospective borrowers is linked SRPLR (OCHFL Retail Prime Lending Rate).

This document defines the interest rate offered to the prospective borrowers. This document is dynamic in nature and would be updated regularly taking into account the changes in characteristics of the Company. Any change in Interest Rate will have to be approved by MD & CEO and presented in the Asset Liability Management Committee (ALCO). Once approved, the same will be forwarded to the board for final ratification and approval.

### II. Company Philosophy

OCHFL was created to provide credit access to first time home buyers in EWS/LIG/MIG category and aims to contribute meaningfully towards the Indian Government's mission of "Housing for All". The Company intends to work on a philosophy of giving back to the society in a way and fashion that will cause a sustainable change for the less fortunate of India's populace without any discrimination based on religion, creed, caste, color or gender. The Company aims to undertake those initiatives which would bring about positive irreversible change for the betterment of the society and would help the beneficiaries quantitatively and qualitatively in their lives, with the underlying aim of decreasing the wealth inequality of Indian society.

Our Vision is to be the leading Housing Loan provider known for

- Exceptional Customer Service
- Loan Affordability
- Transparency of Operations
- Contribution to Society

OCHFL is geared towards fostering a maximally satisfied customer base with a mutually profitable relationship. It is therefore important to be completely open and honest with the customer and use simple, clear and unambiguous terms when offering a product or service to them.

This Policy serves as a set of broad guidelines to the loan origination team with these policy principles in mind.

### III. Policy Mission

OCHFL wholeheartedly believes in and complies with the general practices that are in line with the Master Directions and Circulars provided by the National Housing Bank to HFCs. At OCHFL, we believe that an effective management and administration combined with transparency and accountability is imperative to ensure a long and healthy life for the company.

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The purpose of this document is to define lending policy and guidelines for the company in accordance with the Company law and NHB Master Directions and Circulars for HFCs. This is a living document and should be updated on a regular basis. Any regulatory changes that would impact the accountability of the company should be reflected here.

This document should not be seen in isolation but in conjunction with the other policy documents that define the overall workings of the company. For the sake of simplicity and to avoid confusion, any matter covered in other policy documents is not repeated in this document.

### IV. Objective

National Housing Bank (NHB) had vide its Circular NHB (ND)/DRS /POL-No. 29/2009 dated June 02, 2009 advised that Housing Finance Companies (HFC's) are advised to ensure adequate disclosures about interest rates and charges. Further to this has reference to the updated master direction from NHB/RBI which we received periodically.

Based on the guidelines and taking into account the OCHFL customer segment, the Interest rate policy has been developed and documented as below.

### V. Procedure to determine rate of interest

OCHFL will periodically determine the rate of interest for various products, giving due considerations to the following (but not limited to) factors, interest rate is linked to the OCHFL Retail Prime Lending Rate (ORPLR):

- A. The cost of borrowed funds taking into consideration the average tenure, market liquidity, borrowing mix, credit rating of the organization;
- B. Operating cost which constitutes both a) upfront customer acquisition cost and b) ongoing cost;
- C. Reasonable, market-competitive return to the organization measured through return on asset (ROA) and return on equity (ROE);
- D. Inherent credit and default risk in our business, particularly in our target sub-groups / customer segments;
- E. Value of collateral offered by customers measured through Loan to Value ratio.
- F. Risk profile of customer - professional qualification, stability in earnings and employment, financial positions, past repayment track record with other lenders, external ratings of customers, credit reports, customer relationship, future business potential etc.
- G. Market environment – the company's ROI could change in line with the prevalent trends and rates offered by other competitors in the market.

### VI. Interest Rate Policy

- A. Risk categorization methodology will be following to determine the rate of interest need to be charged to the customer. Company developed comprehensive risk matrix which need to be analysis during the credit appraisal. Risk matrix define the rate of interest need to be charges based on the risk score/parameter.

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- B. OCHFL will intimate the applicable ROI to the customers at the time of sanction of the loan. sanction letter also communicates benchmark OCHFL Retail Prime Lending Rate (ORPLR) as on the date of sanction, Interest Type (Floating/Fixed) etc.
- C. The rate of interest mentioned in the sanction is annualised rate.
- D. The company ensure the fairness in the internal process, charges collected, interest rate charged to every customer. Company is ensure all these parameter are captured in the respective internal policy / documents and training is provided to the employee.
- E. The Company will provide the repayment schedule of the loan at the time of disbursement to the customer
- F. OCHFL will offer both Floating and Fixed interest rate loans to customers. The changes in ROI in case of floating rate loans will be done at any periodicity depending up on the interest rate scenario in the money market and competition.
- G. Interest would be charged, and recovered on a monthly basis. Interest will be deemed payable on the due date as communicated to the customer.
- H. Interest rate changes would be effective prospectively and intimation of change of interest or other charges would be communicated to customers in a manner deemed fit, as per terms of the loan documents.
- I. OCHFL may also levy additional interest for adhoc facilities, penal charges for any delay or default in making payments of any dues.
- J. Besides interest, the Company will also charge other financial charges like Application Charges, late payments, RTGS/ other remittance charges, etc. may be levied by the company with due communication to the customer, wherever considered necessary. Any revision in these charges would be with prospective effect.
- K. Rate of interest for same product and tenure availed during the same period by separate customers could vary within a range, depending, amongst other things, the factors mentioned above and risk factor associated with the customer.
- L. Any claims for refund or waiver of charges/ penal charges / additional interest will be done at the sole discretion of the company.
- M. OCHFL will disclose Annual Percentage Rate (APR) is the annual cost of credit to the borrower which includes interest rate and all other charges associated with the credit facility in the Key Facts Statement (KFS). Following is the details calculation of APR

### Illustration for computation of APR for Retail and MSME loans

| Sr. No. | Parameter                                                                          | Details |
|---------|------------------------------------------------------------------------------------|---------|
| 1       | Sanctioned Loan amount (in Rupees) ( Sl no. 2 of the KFS template – Part 1)        | 20,000  |
| 2       | Loan Term (in years/ months/ days) (Sl No.4 of the KFS template – Part 1)          |         |
| a)      | No. of instalments for payment of principal, in case of non-equated periodic loans | -       |

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|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| b) | Type of EPI<br>Amount of each EPI (in Rupees) and<br>nos. of EPIs (e.g., no. of EMIs in case of monthly<br>instalments)<br>(SI No. 5 of the KFS template – Part 1) | Monthly<br>970<br>24                   |
| c) | No. of instalments for payment of capitalised interest, if any                                                                                                     | -                                      |
| d) | Commencement of repayments, post sanction (SI No. 5 of<br>the KFS template – Part 1)                                                                               | 30 days                                |
| 3  | Interest rate type (fixed or floating or hybrid) (SI No. 6 of the<br>KFS template – Part 1)                                                                        | Fixed                                  |
| 4  | Rate of Interest (SI No. 6 of the KFS template – Part 1)                                                                                                           | 15 %                                   |
| 5  | Total Interest Amount to be charged during the entire tenor<br>of the loan as per the rate prevailing on sanction date (in<br>Rupees)                              | 3,274                                  |
| 6  | Fee/ Charges payable (in Rupees)                                                                                                                                   | 400                                    |
| A  | Payable to the RE (SI No.8A of the KFS template-Part 1)                                                                                                            | 240                                    |
| B  | Payable to third-party routed through RE (SI No.8B of the KFS<br>template – Part 1)                                                                                | 160                                    |
| 7  | Net disbursed amount (1-6) (in Rupees)                                                                                                                             | 19,600                                 |
| 8  | Total amount to be paid by the borrower (sum of 1 and 5) (in<br>Rupees)                                                                                            | 23,274 <sup>9</sup>                    |
| 9  | Annual Percentage rate- Effective annualized interest rate (in<br>percentage) <sup>10</sup> (SI No.9 of the KFS template-Part 1)                                   | 17.07%                                 |
| 10 | Schedule of disbursement as per terms and conditions                                                                                                               | Detailed<br>schedule to be<br>provided |
| 11 | Due date of payment of instalment and interest                                                                                                                     | DDMMYYYY                               |