

ROHA HOUSING FINANCE PVT. LTD.

Interest Rates/ Pricing, Processing & Other Charges Policy

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1. Background

The Reserve Bank of India (RBI) had vide its Master Direction – Non- Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 with reference number RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated Feb 17, 2021) directed all Housing Finance Companies to lay out appropriate internal principles and procedures in determining interest rates and processing and other charges (including penal charges, if any).

RBI has also issued a circular DoR.MCS.REC.28/01.01.001/2023-24 dated 18th August 2023 on Fair Lending Practice- Penal Charges in loan accounts.

In compliance with the abovementioned guidelines issued by Reserve Bank of India (RBI), Roha Housing Finance Private Limited (RHFPL) has adopted this Interest Rates/ Pricing, Processing & Other Charges Policy outlining the interest rate mechanism and the Company's approach of risk gradation in this regard for its lending business.

Definitions:

"RRR (Roha Reference Rate)" is the Benchmark rate which shall be used for determining the total interest rate (for Floating Interest Rate and Semi-fixed Interest Rate) at a given time by adding spread as per the provisions of this Policy. RRR may vary from time to time. Review periodicity for RRR is as per Key Facts Statement (KFS). Reset will be done prospectively if there is any change in the RRR post review.

"Spread" means the spread applied by the Lender on the Loan as specified in the KFS and may be revised by the Lender from time to time, as per the provision of the loan agreement.

1. Scope

This policy would cover all the loan products offered by the Company.

2. Policy Principles

2.1. Interest Rates

- a. Interest rate type can be Fixed/ Semi Fixed (Hybrid) / Floating in nature.

"Fixed Interest Rate" shall mean the fixed percentage rate of interest per annum which shall remain fixed for the entire tenure of the loan as specified in the KFS.

"Floating Interest Rate" shall mean the percentage rate per annum calculated by aggregating the spread and the RRR applicable from time to time, as mentioned in the KFS (in case the Interest Rate for the Loan is a Floating Interest Rate). The RRR (Benchmark rate) will be reviewed periodically, and the interest re-set period would be decided by the company from time to time

"Semi-Fixed Interest Rate" (Hybrid) shall mean the interest rate which is to be computed at the fixed percentage rate per annum for a fixed period as specified in the KFS and after the expiry of the said fixed period, to be converted to floating rate of interest which will be computed as the aggregate of the spread and RRR applicable from time to time.

- b. The RRR (Roha Reference Rate) and interest rate range and yield for each loan product/sub-product should be approved by the Asset Liability & Management Committee (ALCO) committee of the Company and be submitted to the Board for noting, from time to time.
- c. The interest rates (Floating and Hybrid) on advances could be re-priced any number of occasions during the loan tenure, corresponding to the changes in RRR.
- d. The RRR and rate of interest range should be determined based on but not limited by:
 - the cost of funds, keeping in mind the market liquidity and funding avenues
 - Expected Return on assets
 - Regulatory provisioning cost (credit cost)
 - Risk Premium for uncertainty in cash flows and operating efficiency

2.2 RHFPL pricing policy is primarily Risk based. The ROI of a customer is decided based on a combination of the following parameters:

- RRR at a given time;
- Product Type (HL and LAP);
- Customer specific Risk which comprises of the following:
 - Credit Category of the customer which is evaluated on the basis of credit Score – This credit score is derived based on various parameters in each application;
 - Profile of the customer;
 - Quality of collateral offered;
 - Other case specific Risk, if any.

2.3 RHFPL - Score card: RHFPL's score model will decide the rates to be offered to the customer which is a function of Inherent credit and default risk of the customer per se arising from:

- Demographic details of applicants and their family along with nature of and stability at residence & workplace, Qualification.
 - Property Details- type, size, end use as well as any proposed changes to collateral for which funds are being availed.
 - Financials- nature of Income (Salaried/ Self Employed), Type of Business, size of enterprise, Other Income, Assets & Debt History Employment Stability, and stability in earnings
 - Banking- natures and churning of transactions in banking.
 - Bureau- Credit History reflecting in Credit Bureaus, Loan repayment tracks.
 - Loan parameters- Loan type, Tenure, Own Contribution and its sources.
 - And other risk factors depending upon the type of customer, occupation and collateral to be included from time to time.
- e. The company has adopted an interest rate model whereby the rate of interest for the same product and tenor availed during the same period could differ from customer to customer depending upon the consideration of any one or combination of factors listed out under point 2.3 above. The interest rate applied would be different from customer to customer on his/her loans.
 - f. The interest shall be computed on Monthly balance basis and charged on monthly rests or such other rests as ALCO would decide in accordance with applicable rules and regulations.

- g. The annualized Interest rates which could be fixed or floating or Semi- fixed (Hybrid) basis would be intimated to the customers through a KFS at the time of sanction of the loan. The spread would also be communicated to the customer in KFS.
- h. Changes in the interest rates and charges would be prospective in effect and intimation of change of interest or other charges would be duly communicated to the customers through acceptable modes of communication channels like SMS / email, etc.
- i. The Company may consider if found necessary, moratorium for EMI payments and repayment of principal with properly built in pricing.
- j. In case of staggered disbursement, the rate of interest would be subjected to review and may vary accordingly to the prevailing rate at the time of disbursement or as may be decided by the Company. Intimation of change of interest, if any, or other charges should be communicated to customers through the website or other suitable means.
- k. The key interest rates/ ROI grid on loans would also be displayed in the common notice board of the branches/offices and attached as Annexure-1

3.2 Penal Charges /Late payment charges/ Processing /documentation and other charges

- Besides normal interest, other financial charges like initial login fees, verification fees, legal and technical charges and additional charges like cheque bouncing charges, late payment charges, pre-payment / foreclosure charges, charges for issue of statement of account etc., would be levied by the company wherever considered necessary. The details of penal charges for late payment and other event of defaults shall be communicated via Schedule of Charges in the Loan Agreement and KFS and made available on the website of the company. Besides these charges, stamp duty, GST and other cess would be collected at applicable rates from time to time. Any revision in these charges would be from prospective effect.
- Penalty, when charged, for non-compliance of material terms and conditions of Loan Agreement by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall not be capitalization of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.

The Company will not introduce any additional component to the rate of interest and ensure compliance with these guidelines in its Policy and Practice.

Quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan agreement without being discriminatory within a particular loan / product category.

Penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than businesses, shall not be higher than the penal charges applicable to non-individual borrowers for similar noncompliance of material terms and conditions.

Quantum and reason for penal charges have been clearly disclosed by the Company to the customers in the loan agreement in Schedule of Charges, in addition to being displayed on RHFPL's website .

Whenever reminders of non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges to be communicated along with the reason therefor for levy of such charges.

- Authority to waive-off penal charges, rests with the MD & CEO of the Company who may delegate it further to any official of the Company as deemed appropriate. No claims for refund or waiver of such charges/ penal charges / additional interest would normally be entertained by the Company and it is the sole discretion of the Company to deal with such requests if any.

Whilst the charges are as per Schedule of Charges on the website from time to time, any change in post disbursement charges shall be applicable on all the loans from the day of such change. The accounting of the said charges shall be as per RHFPL's accounting policy in this regard.

Besides these charges, the service tax and other cess should also be collected from the customers at applicable rates from time to time and remitted to the concerned government department.

- In line with **Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021**, the company has adopted the foreclosure charges as per prevailing guidelines in this regard.
- The interest rate models, Roha Reference Rate (RRR), other charges as applicable shall be reviewed by the ALCO periodically and shall make suitable recommendations to the Board of Directors of the Company.

3. Review of the Policy

The Policy would be subjected to an annual review by the management and modifications, if any warranted, should be taken up for the approval of the Board. If there are any amendments in the regulations, revision in the policy should be staged for Board's approval in the immediately ensuing Board Meeting, after the amendments are notified by the regulator.

Annexure-1

DETAILS OF PRODUCTS AND INTEREST RATES

Product	Max	Min
Loan Against Property (LAP)	24	10.8
HL Purchase	24	9.8
Home Expansion	20	10.8
HL Plot Purchase and Self Construction	20	9.5
HL Self Construction	24	9.8
Home Improvement	24	11.3
Balance Transfer and Top Up	24	9.5

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