



Public



ORIX Leasing and Financial Services India Limited

(CIN: U74900MH2006PLC163937)

Interest Rate Policy and Gradation of Risk Approach

V.4

(I) Background

The Company is non deposit taking Non-Banking Financial Company registered with the Reserve Bank of India (RBI). In view of Chapter VI of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (the RBI Master Direction), as amended from time to time, the RBI have directed all applicable NBFCs 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. The rate of interest / EMI and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers are mentioned in this Policy and available on website of the Company at www.orixindia.com.

(II) Objective

The Board, through this policy intends to lay down appropriate internal principles and procedures in determining the range of interest rates that shall be applicable to various borrowers as well as laying down approach for gradation of risk in line with the requirement of the RBI Master Direction.

(III) Interest rate Model

- (1) The rate of interest shall be determined based on the cost of borrowed funds, tenor of loan, liquidity conditions prevailing in the market, cost of operations, credit risk arising from the borrower or pool of borrowers and the minimum margin.
- (2) The rate of interests for the same product and tenor availed during same period by different borrowers need not be standardized. It could vary from borrower to borrower depending upon consideration of any or combination of above factors which is covered in Gradation of Risk Approach under Point No V below.
- (3) The annualized rate of interest would be intimated to the borrower.
- (4) In case of staggered disbursements, the rate of interest would be subjected to review and the same may vary according to the prevailing rate at the time of disbursement or as may be decided by the Company
- (5) Besides normal interest, the company may levy additional/default interest for delay or default in making payments of any dues. These additional or penal interests may vary for different products.
- (6) Interest Rate on existing Floating Rate portfolio as well as prospective Floating Rate Loan will be determined on the basis of a benchmark rate – Mortgage reference rate (MRR). This will be determined by the Treasury and Asset Liability Management Committee (ALM) and published on the website of the company. The Borrower shall be offered discount on the MRR to arrive at Floating Rate applied on existing or prospective Loan.

- (7) In case of existing Floating Rate portfolio, the ALM shall revise the MRR at any time and from time to time as per its cost of borrowings, market condition. Such variation/ revision in respect of the MRR shall have prospective effect. The Lender shall inform the Borrowers (except Borrowers which are classified either as Non-Performing Assets as on date of change or are part of Emergency Credit Line Guarantee Scheme (ECLGS) or sold pool to which revision in MRR shall not be applicable) about the variation in the Floating Rate of interest due to variation / revision in MRR in due course.

(IV) Range of Interest Rate

The range of rate of interest at origination for each product is as follows

- (1) Loan against Property – 9.5% to 16% (Floating Interest Rate)
- (2) Finance Lease – 9.5% to 16% (Fixed Interest Rate)
- (3) Term Loan to Body Corporates – 10% to 15% (Floating Interest Rate)

All these rates (Fixed Interest Rate as well as Floating Interest Rate) are subject to change from time to time. The Interest rate policy will be updated to reflect any changes

(V) Approach for Gradation of Risk:

The risk premium attached with a borrower shall be assessed inter-alia based on the following factors:

- (1) profile and credit worthiness of the borrower;
- (2) inherent nature of the product, type / nature of facility;
- (3) tenure of relationship with the borrower group, past repayment track record and historical performance of our similar clients;
- (4) group strength, overall borrower yield, future potential, repayment capacity based on cash flows and other financial commitments of the borrower;
- (5) nature and value of collateral / security offered;
- (6) interest, default risk in related business segment;
- (7) nature of business / segment of business;
- (8) regulatory stipulations, if applicable; and
- (9) any other factors that may be relevant in a particular case.

(VI) Website

This Policy will be made available on the website of the Company.

(VII) Amendment:

The Board reserves its right to amend or modify this Policy in whole or in part, at any time, without assigning any reason whatsoever. However, no such amendment or modification shall be binding unless the same is notified in writing.

Modification History

Date of Revision	Version	Description	Authors	Approved by
20-09-2011	1	Initial Draft	Mr. Parthasarathi Ray / Mr. Jay Gandhi	Board of Directors
29-06-2012	2	Revised	Mr. Parthasarathi Ray	Board of Directors
24-09-2019	3	Revised	Mr. Vivek Wadhera	Board of Directors
25-08-2022	4	Revised	Mr. Jay Gandhi/ Mr. Gaurav Bhatia	Board of Directors