

Approach for Determining Interest Rates, Processing and Other Charges

Approved by the Board of Directors on October 25, 2017

Overview:

Reserve Bank of India vide its notification No. DNBS. 204 / CGM (ASR)-2009 dated January 2, 2009 and vide its Guidelines on FPC for NBFCs DNBS.CC.PD.No.320/03.10.01/2012-13 dated February 18, 2013 have directed all NBFCs to make available the rates of interest and the approach for gradation of risks on the website of the NBFCs.

Accordingly, Clix Capital Services Private Limited (“**Clix**”) is publishing this approach for Determining Interest Rates, Processing and Other Charges in order to ensure transparency to conform to the stipulations of RBI’s directives, and shall be applicable till further notice.

This approach details the principles for determining interest for loans provided by Clix:

- Lending rates are calculated taking into consideration Clix’s weighted average cost of funds, credit costs, overheads and other administrative costs.
- The cost of funds depends on the different types of funding sources tapped by Clix to fund its business. These are an amalgamation of equity, bank loans, debentures, commercial papers and other money market instruments.
- The interest rate for loans for different business segments and products within that business segment differ due to the nature of the segment or product.
- The interest rate for any business segment or product would incorporate Clix’s cost of funds, cost on account of risk and tenor for the concerned business segment / product, business / product specific operating cost and margin.
- Some of the key factors / gradations of risk that impact interest rate are:
 - o Business risk, industry risk, market position, market reputation, vintage of the business, competition
 - o Size and nature of the business, geographic location of the borrower
 - o Historical performance of similar homogenous pools of borrowers
 - o Profile and incorporation of the borrower, strength and experience of group
 - o Length of relationship with the borrower, repayment track record of existing borrower, credit history as revealed from available sources
 - o Credit and default risk in the related business segment / product e.g. interest rate may be higher for borrowers with lower credit scores / ratings
 - o Nature and value of primary collateral and additional security
 - o Existing and as the case may be, future financial position of the borrower, sustainability of cash flow of the borrower
 - o Financial flexibility of the borrower
 - o Tenure of the loan e.g. interest rate may be higher for longer tenure loans
 - o Interest rate trend prevailing in the money market
- The rate of interest for the same product and duration need not be standardized. It could vary for different customers depending any one or a combination of the above factors.

- Interest rates could be fixed or floating. Floating rate loans are benchmarked either to the commercial paper benchmark or SBI Base Rate or to such benchmark as Clix may deem fit.
- Interest rates could be reset as decided by Clix from time to time.
- Applicable interest rates would be communicated to the borrower through detailed sanction letters. The sanction letters shall clearly state the terms and conditions of the loan and also the annualized interest rate applicable on the loan. The borrower shall also be provided with a copy of the repayment schedule that shows the breakup of principal and interest that are payable by the borrower.
- Interest shall be payable monthly or quarterly, in advance or in arrears, depending on the business segment and the product.
- All amounts, including interest and principal shall be payable immediately on the due date as provided in the repayment schedule and no grace period for any payments is allowed.
- As a deterrent against willful delinquency, and to encourage adherence to the terms and conditions of the loan agreement, Clix may charge an additional / penal interest rate depending on the business segment / product and benchmarked against market / competitive conditions.
- Any changes in the applicable interest rate would be communicated to the borrower in a manner as detailed in the loan agreements or in an adequately suitable mode and manner.
- Moreover, Clix may also charge other financial charges like processing fees, origination fees, cheque bouncing charges, late payment charges, reschedulement charges, prepayment / foreclosure charges, part disbursement charges, cheque swap charges, security swap charges, charges for issue of statement account etc. wherever considered necessary.
- All processing / other charges would vary depending on the business segment / product, assets being financed, expenses incurred in the geographical location / customer segment and generally represent the cost incurred in rendering service to the customer.
- A prepayment / foreclosure charge will be charged based on the costs incurred by Clix, including but not limited to break costs, customer acquisition costs and business segment / product.
- For individual borrowers, the prepayment charges for floating rate loans will be NIL.
- Clix shall also collect any applicable stamp duties, service taxes and other cesses that may be applicable at the time of sanction / disbursal. Any revision in these charges would be from prospective effect.
- Clix would also benchmark itself against prevailing practice followed by its competitors in the market to determine the applicable rate of interest for any business segment / product.
- Clix reserves the sole right to decide on any refund or waiver of charges / penal interest / additional interest.
- As each transaction we enter into is individually assessed, we do not publish interest rates.
- Any revision in the approach for Determining Interest Rates, Processing and Other Charges would be reviewed by the Risk and Finance Team and recommended to the Board for approval.

Annexure 1 – indicative interest rates and schedule of charges

A. Indicative Interest Rates for every Business Product

- a. Interest rate range: 9 – 30%.
- b. Interest rates may vary depending on nature of financing, term. Some of the key factors and gradations of risk that impact interest rate are:
 - Business risk, industry risk, market position, market reputation, vintage of the business, competition
 - Size and nature of the business, geographic location of the borrower
 - Historical performance of similar homogenous pools of borrowers
 - Profile and incorporation of the borrower, strength and experience of group
 - Length of relationship with the borrower, repayment track record of existing borrower, credit history as revealed from available sources
 - Credit and default risk in the related business segment / product e.g. interest rate may be higher for borrowers with lower credit scores / ratings
 - Nature and value of primary collateral and additional security
 - Existing and as the case may be, future financial position of the borrower, sustainability of cash flow of the borrower
 - Financial flexibility of the borrower
 - Tenure of the loan e.g. interest rate may be higher for longer tenure loans
 - Interest rate trend prevailing in the money market
- c. The rate of interest and duration need not be standardized. It could vary for different customers depending any one or a combination of the above factors. The rate of interest also varies depending upon relative credit strengths of borrowers. Final applicable interest rate is based on various other parameters and communicated in the sanction letter / loan agreement.

B. Schedule of charges:

A. SME		
1		Business Loan
	Fee Type	Standard Rate
	A)	Prepayment Fee
		< 12 Month - upto 6% of principal outstanding for loan amount
		=>12 Month & <24 months- upto 5% of Principal outstanding for loan amount
		=>24 Months - upto 4% of Principal outstanding for loan amount
	B)	Penal Interest
		@ upto 3% pm on EMI overdue
	C)	Restructure/Modification/change in borrowers
		Upto 2% of Outstanding Amt
	D)	Customer Service Fee
		- PDC/NACH/ESC bounce charges
		Upto INR 1000
		- Repayment instrument change/swap charges
		Upto INR 1000
		- Issuance of duplicate Income Tax certificate
		Upto INR 500
		- Issuance of NOC
		Upto INR 500
		- Issuance of Statement of Account
		Upto INR 500
		- Document Retrieval / Foreclosure statement
		Upto INR 1000
		- Loan cancellation charges
		Upto INR 20,000 + rate of interest from the date of disbursement till date of request for cancellation
	F)	Processing Fees / Loan Applied Fees
		Upto 3% of the loan amount
2		Loan Against Property ("LAP")
	Fee Type	Standard Rate
	A)	Foreclosure Charges
		<= 12 Month - upto 5% of principal outstanding for loan amount
		>12 Month – upto 4% of Principal outstanding for loan amount
		(>12 Months - upto 25% of Principal free of charge)
	B)	Part-Payment charges
		Loan tenure > 12 months

			- Upto 25% POS payment in a year – Nil
			- Above 25% POS payment in year – upto 4%
	C)	Restructure/Modification/change in borrowers	Upto 2% of Outstanding Principal Amt
	D)	Penal Interest	@ upto 3% pm on EMI overdue
	E)	Customer Service Fee	
		- PDC/NACH/ESC bounce charges	Upto INR 1000
		- Repayment instrument change/swap charges	Upto INR 1000
		- EMI cycle repayment date change	Upto INR 1000
		- Issuance of duplicate Income Tax certificate	Upto INR 500
		- Issuance of NOC	Upto INR 500
		- Issuance of Statement of Account	Upto INR 500
		- Document Retrieval / Foreclosure statement	Upto INR 1000
		CERSAI charges	Upto INR 500 for property verification
		- Loan cancellation charges	Upto INR 20,000 + rate of interest from the date of disbursement till date of request for cancellation
	F)	Processing Fees / Loan Applied Fees	Upto 3% of the loan amount
3		Loan Against Electronic Payment (LAEP)	
		Fee Type	Standard Rate
	A)	Prepayment Fee	Upto 6% of the future principal outstanding amount after 3 month from the date of disbursement
	B)	Penal Interest	@ upto 3% pm on EMI overdue
	C)	Restructure/Modification/change in borrowers	Upto 2% of Outstanding Principal Amt
	D)	Customer Service Fee	
		- PDC/NACH/ESC bounce charges	Upto INR 500
		- Repayment instrument change/ swap charges	Upto INR 1000
		- Issuance of duplicate Income Tax certificate	Upto INR 500
		- Issuance of NOC	Upto INR 500
		- Issuance of Statement of Account	Upto INR 500

		- Document Retrieval / Foreclosure statement	Upto INR 1000
	F)	Loan applied -- (first loan or any incremental loan or as applicable)	Upto 3 % of the loan amount applied
B. CAG			
		Corporate Loans (CAG)	
		Fee Type	Standard Rate
	A)	Foreclosure / part pre-payment charges	Upto 2%
	B)	Processing / upfront fees	Upto 2.5%
	C)	Default interest range	Upto 2%
	D)	Schedule of other charges:	
		Customer Service Fee	
		- PDC/NACH/ESC bounce charges	Upto INR 1000
		- Repayment instrument change/ swap charges	Upto INR 1000
		- EMI cycle repayment date change	Upto INR 1000
		- Issuance of duplicate Income Tax certificate	Upto INR 500
		- Issuance of NOC	Upto INR 500
		- Issuance of Statement of Account	Upto INR 500