Connect Equipment Leasing Private Limited

Policy on Interest Rates Charged

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Objective of the policy:
The objective of framing this policy is to not charge interest rates beyond a certain level which are not conforming to normal financial practice. This policy is formulated to also ensure transparency, in conformity with the stipulations of the Reserve Bank of India's (RBI) directives.

Company's Policy:
The interest rate to be charged to the borrower for the products will be decided keeping in view the RBI's guidelines relating to regulation of excessive interest charged by NBFCs.

The Rate of interest to be charged will be duly disclosed to the borrower/s in the sanction letter at an annualized rate.

The interest rates on each of the products would be decided by such body as authorized by the Board of Directors.

Factors affecting Interest Rate:
Interest Rate to be charged to a customer is to be determined on the basis of the following factors.

- Cost of funds through various sources
- Overheads and administrative cost
- Risk Profile of the borrower
- Interest rate prevailing in the industry
- Margin and Risk premium charged for different categories
- Nature and value of collateral
- Securities offered and the type and risks attached thereto
- Duration of loan/lease (tenure of customer relationship)
- The category of the borrowers
- The earning source, strengths and experience of the borrower
- The nature and regularity of income of the borrower
- Gradation of risks, which are to be documented
- RBI policies on credit flow
- Practices followed by other competitors

Information to Customers:

- The rate of interest for the same product and tenor availed during same period by different borrower need not be uniform. It could vary for different products for the same or different borrower.
- The interest rates could be offered on fixed or variable basis.
- The interest re-set period would be decided by the Company from time to time.
- Interest is to be calculated on the amount utilized by the borrower and not merely on the sanctioned limit.
- No interest is payable on credit balance in borrower's account.
- The average yield on a credit product and minimum rate of interest under each product line would be decided from time to time by the relevant authority.
- The borrower shall also be provided a rental schedule payable by the borrower.
- The pricing shall be intimated to the borrowers and would be displayed in the statement of accounts.
- In case the due date falls on a public holiday or Sunday, it shall be deemed to fall due on the next subsequent day.
- Change in the pricing / interest rates or important changes in the policy shall be published on the website (if possible) and communicated to the borrowers before implementing changes in rates.
- Interest Rates would be intimated to the customers at the time of sanction/availing of the loan/ lease facility.
- The interest shall be deemed payable immediately on debits. However, grace period may be allowed for payment of interest. The changes in rates would be prospective in effect and intimation of change and other charges would be communicated to customers in any mode deemed fit.
- As each transaction we enter into is individually assessed, we do not publish interest rates.

- Besides normal interest, the company may levy additional interest / charges as under:

Processing Charges	To be charged to the borrower/s for all expenses pertaining to documentation, agreement, etc.
Transaction Expenses and Due Diligence Expenses	To be charged to the borrower/s for all expenses pertaining to legal, valuation & professional fees, due diligence, stamp duty, registration and other out-of-pocket expenses.
Default Charges	To be charged on the unpaid dues/liability at the time of occurrence of default where the borrower/guarantor defaults on any terms of the agreement.
Foreclosure Charges	To be charged on the unpaid dues/liability at the time of prepayment where the borrower wants to foreclose the loan/ lease .
Cheque Swapping Charges	To be charged to the borrower/s in each instance where the borrower/guarantor is required to submit fresh cheques on account of change in their bank account or for any reason whatsoever.
Cheque Bouncing Charges	To be charged to the borrower/s in each instance that any cheque is dishonored (under any of the payment modes) and consequently represented OR in each instance that a cheque/pay order/ demand draft/ ECS is presented when any instalment/s is/are not received by the Company by /upon issue of debit instructions under the ECS method or direct debit method or any other payment method (other than the PDC method) as selected by the borrower/s for any reasons whatsoever.
Documents Retrieval Charges	To be charged where the borrower requests for additional copies of documents executed.
Loan Reschedule charges	To be charged where the borrower requests for rescheduling of payment term within the tenure and without modifying the terms of the of the existing loan.
Loan Restructuring Charges	To be charged where the borrower is required to modify the terms of the existing loan.
Loan Recovery Charges	To be charged for the expense incurred by the Company to recover the dues including legal fees, duties, notices, advertisement, etc.

The aim of the Company to levy the abovementioned charges other than those mentioned as Loan Processing Charges and Transaction Expenses and Due Diligence Expenses is not to make money out of it but to encourage prompt and timely repayment of dues of the and to deter the borrower against intentional delinquency. However, in deserving cases, such additional / penal interest may be completely waived off or settled at much lower rates.

- Other Financial charges and charges on various services would be levied by the company wherever considered necessary. Also, the base charges, stamp duty charges taxes and other cess would be collected at applicable rates from time to time. Any revision would be from prospective effect.
- In case deemed fit, the company may consider necessary moratorium for interest payment and repayment of principal with proper built-in pricing.
- No claims for refund or waiver of such charges/penal interest/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.

Indicative interest rates for corporates: -

For Loans and Leases	Interest range will vary from 8% to 30% on a case to case basis.
Processing Charges	Upto 3%
Transaction Expenses and Due Diligence Expenses	Upto 2%
Foreclosure Charges	Upto 3%
Cheque Swapping Charges	Upto 5000 Rs
Cheque Bouncing Charges	Upto 5000 Rs
Documents Retrieval Charges	Upto 5000 Rs
Loan Reschedule charges	Upto 3%
Loan Restructuring Charges	Upto 3%
Loan Recovery Charges	Upto 3%
Over due Charges	Upto 30% PA

Effective Date and Review

This policy shall come into force with effect from 20th July 2018.

This policy or any of its clauses will be suitably modified based on the Directions of Reserve Bank of India from time to time and shall be put before the Board of Directors in their meeting immediately succeeding such changes/amendments.

In case of discrepancies between this policy and the Loan/lease Agreement, the Loan/lease Agreement will supersede this policy. The Directions issued by the Reserve Bank of India would naturally bear a superseding effect on this policy.

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