

**POLICY ON INTEREST RATE AND CHARGES**  
**OF**  
**FynX CAPITAL LIMITED**

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## **1. PREAMBLE**

As per Reserve Bank of India (“RBI”) Master Direction – Reserve Bank of India (Non -Banking Financial Company – Scale Based Regulation) Directions, 2023 (“Master Direction”), the Board of Directors of all Non -Banking Financial Companies (“NBFCs”) shall adopt an Interest Rate Model taking into account relevant factors such as cost of funds, operating costs and risk premium etc., and determine the rate of interest to be charged for loans and advances.

In view of the same, FynX Finance Private Limited (“FynX” or the “Company”) has formulated this Policy on Interest Rate and Charges (“Policy”) to enable establishment of interest rates and to be used for different customer segments and for different lending products offered by the Company.

## **2. OBJECTIVES OF THE POLICY**

The objective of this Policy is to standardize the methodology used to charge interest rate and charges for different customer’s segments and loan products. This policy provides the basis and guidance for determination of interest rates, penal charges, pre-payment charges, processing charges etc. to be charged by FynX. This policy has been updated by FynX from time to time to align it with the Fair Practices Code and other applicable regulatory requirements prescribed by the Reserve Bank of India (RBI).

## **3. IMPLEMENTATION OF THE POLICY**

The Board of Directors shall have oversight on FynX’s Policy on Interest Rate and Charges. The Board may delegate certain operational aspects to the Risk Management Committee/ALCO as deemed fit by the Board of Directors in order to ensure effective implementation of the Policy on Interest Rate and Charges. Such a committee will determine the pricing range for different customer segments and products in accordance with this Policy on Interest Rate and Charges and recommend to the Board for its approval.

The interest rates to be charged for different segments and customers will be decided by the business teams to be consistent with the range of rates approved by the Board. The business teams will consider relevant factors, including the risk of the applicant defaulting on the loan, prevalent market conditions, competition and ability of the target customer base to service such interest while determining the rate to be charged within the range approved by the Board.

## **4. FAIR PRACTICES CODE**

All aspects such as collection, communication, revision etc. pertaining to the interest rate model shall be undertaken as per the Board approved Fair Practices Code of the Company. The clauses outlined in this policy are formulated in line with Fair Practices Code as approved by the Board.

## **5. INTEREST RATE MODEL**

Interest rate model for FynX will be fixed rate of interest always.

The interest rate model shall ensure compliance with applicable laws and directions given by Reserve Bank of India and that the rates are commensurate with the risks posed by the borrower.

FynX being a diversified NBFC lends money through various products to cater to the needs of different categories of customers. The interest rate for different customer segments and loan products is established by the Company based on the following factors:

<b>Sr. No</b>	<b>Factors</b>	<b>Description</b>
1	<b>Cost of funds</b>	<p>This represents the interest rate and other cost associated with the borrowing of capital which is used for lending operations. It is representative of what the company pays to source its funds in the form of debt. This also includes the cost and expenses of raising such funds, such as payment of placement fees, brokerage, processing fees, listing fees etc.</p> <p>The Company also has an equity portion and the cost of such equity is considered to arrive at the weighted average cost of capital.</p>
2	<b>OPEX (Operating Expenses)</b>	<p>It encompasses all expenses borne by the company in order to run its business including but not limited to employee expenses, branch related fixed and variable costs, sales and marketing expenses, etc. It does not include any fees that the Company pays to DSAs/LSPs for sourcing a loan transaction.</p>
3	<b>Risk Premium /Risk based Spreads</b>	<p>Prices may vary depending upon internal assessment of likelihood of delinquency or potential loss from customer segments basis business, customer segment, geography, sourcing channel and/or other factors as illustrated in para 6 below. Risk Premium will all so consider the volatility of credit risk for each price point</p> <p>Risk based spreads would be applicable for products with floating rate of interest. These will be based on the customer's risk profile across multiple factors including but not limited to, borrower's creditworthiness, risk profile, nature of security (if any), business profile, product specific nuances (if any) and prevailing market conditions and will consider each identified risk factor. A combination of all the factors put together along</p>

		with floating reference rate would help in determining the final pricing of the product
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## **6. APPROACH FOR GRADATION OF RISK**

The following factors are relevant for the purpose of determining risk premium:

### **Tenor**

The weighted tenor of the segment is also considered as an input to arrive at the annualized loss projections.

### **Risk Factors**

Multiple Risk Factors are considered to arrive at the final pricing for a segment, mentioned below -

- Internal Risk Score thresholds;
- External risk exhibited by Credit Bureau data/ score;
- Bureau profile of the borrower – Function of the trades & enquiries appearing in Bureau

### **Other Risk Factors**

- Affluence & Employment traits.
- Collateral – For secured loans, type/quality of the underlying asset;
- Borrower relationship – Existing customers with a good repayment history receive preferential rates vis -à-vis new ones;
- Macroeconomic factors – Inflation, Unemployment rate, Central bank repurchase rates ('REPO'),
- Reverse REPO, Statutory Liquidity Ratio ('SLR') etc.), Regulatory guidelines;
- Additional data -based signals – Bank Statement, Goods and Services Tax ('GST'), Employees Provident
- Fund Organization ('EPFO') details etc.;
- Competitive landscape – Rates also vary in line with what is offered by other lenders in the same/similar domain;
- Historical performance of similar homogeneous clients;
- Industry segment;
- Tenor of Loan;
- Geography specific delinquency rates and collection performance;
- Customer Indebtedness (other existing loans);
- Regulatory stipulations, if applicable; and
- other factors that may be relevant in a particular case and as deemed fit by the Board of Directors of the Company ("Board").

The rate of interest for the same product and tenor availed during the same period by different customers need not be the standardized one. It could vary for different customers depending upon consideration of all or any combination of above factors. The indicative interest rate to be charged from the borrowers is currently as mentioned in the Annexure -1.

The applicable interest rates would be reviewed and revised semi -annually and as and when needed depending upon changes in the factors taken into account for determination of the interest rate. Such review may be delegated by the Board to the Risk Management Committee or such other committee/ authority as the Board may deem fit.

**7. APPROACH FOR FynX FIXED REFERENCE RATE:**

As mentioned in pricing policy, Following is the approach being adopted for calculating the floating reference rate for pricing credit facilities at a floating rate of interest. This reference rate will enable pricing of credit facilities in a rational, fair and transparent manner. Initial value for the FynX Fixed Reference Rate is as below:

Sr. No	Components	Values	Remarks
1	Cost of Borrowing	12.25 %	NA
2	Opex Cost	4.25 %	Including ECL cost
3	Margin	1.50 %	Arrived as per steady state capital structure in terms of debt -equity mix of 3:1 and estimated return on equity of 18%
4	<b>FynX Reference rate</b>	<b>18%</b>	NA

FynX reference rate would be reviewed minimum annually or as and when required.

**8. PENAL/ OVERDUE CHARGES:**

The Company may collect a penalty for non -compliance of material terms and conditions of loan contract by the borrower only by way of penal charges and the same shall not be collected as penal interest that is added to the rate of interest charged on the loan amount. Further, late payment fees may be levied on a borrower who fails to make loan due payment by the due date or there is a bounce instance received from the registered bank account for auto debits.

The penal charges shall not be capitalized by the Company 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 shall also not introduce any additional component to the rate of interest charged to the borrower and shall ensure compliance with the above.

The quantum of penal charges shall be reasonable and commensurate with the non - compliance of material terms and

conditions of loan contract without being discriminatory within a particular loan/product category.

The Company shall not, under any circumstances, levy higher penal charges to individual borrowers, who have availed the loan for purposes other than business, than non -individual borrowers for similar non -compliance of material terms and conditions.

**Disclosure requirements:** The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) provided to them (pursuant to RBI Guidelines on Digital Lending dated September 02, 2022 and RBI Circular dated April 15, 2024 on Key Fact Statements for Loans and Advances) and the loan agreement. The same shall be displayed on websites of NBFCs under Interest rates and Service Charges.

Further, whenever reminders for non -compliance of material terms and conditions of loan are sent to borrowers, the Company will communicate the penal charges associated with the same to the Borrower. Any instance of levy of penal charges by the Company shall be communicated to the borrower along with the reason thereof.

The penal charges/ late payment fees levied by the Company on the customer is provided in Annexure -2.

### **9. Prepayment Charges:**

The Company may, at its sole discretion, allow the prepayment of the loan amount either in part or in full subject to certain conditions and on payment of charges by the customer. This will be documented clearly in the financing documents, including the loan agreement. The preclosure / part prepayment charges charged from the customer by the Company are provided in Annexure -2.

Part-prepayment charges , wherever applicable shall be charged on additional amount paid in excess of one EMI.

### **10. OTHER FEES/CHARGES:**

The Company generally charges a fee on the loan amount depending on the category of loan and risk associated in the form of processing fees/ non-refundable upfront fee . These charges would be decided or revised by the competent product approval committee by way of amendment to existing product approval document.

The fees/charges charged by the Company on the Customer is provided in Annexure -2.

Other costs and charges such as stamp duty, service tax and other cess would be collected at applicable rates.

All such charges will be disclosed clearly in the loan documentation with the borrower, including in the key facts statement and shall not be charged unless disclosed in the Key Facts

Statement (provided pursuant to RBI Guidelines on Digital Lending dated September 02, 2022, and RBI Circular dated April 15, 2024, on Key Fact Statements for Loans and Advances).

FynX will ensure that any fees, charges, etc., payable to any lending service providers in respect of the digital loans provided by FynX are only paid directly by FynX and are not charged by any lending service provider to the borrower directly.

### **11. ANNUALIZED RATE**

The Company will communicate annualized rate of Interest to all its borrowers so that its borrowers are aware of exact rates that will be charged to respective loan facilities. The interest could be charged on monthly or quarterly rests for different products / segments as provided in the loan documents agreed with the customer.

Further, in respect of loans falling within norms applicable to digital lending, annualized percentage rate (“APR”) i.e. the effective annualized rate charged to the borrower of a digital loan, shall be the all -inclusive cost to the borrower, including processing fee, verification charges, maintenance charges, etc., but excluding contingent charges like penal charges, late payment charges. The APR shall be disclosed upfront by FynX to each borrower and shall also be a part of the Key Fact Statement issued by FynX in respect of each digital loan under the Guidelines on Digital Lending issued by the Reserve Bank of India. APR will be capped to 31% across all segments and products except Personal Loans & Unsecured MSME Loans where the APR will be capped at 100%.

### **12. CEILING ON INTEREST RATE**

The Company will ensure that the applicable rate of interest to any borrower should not exceed the maximum rate fixed for each product offered by the Company. The interest rate charged to the customer will not exceed 70% per annum.

### **13. COOLING OFF PERIOD**

The customer will be provided with a clear option to exit a loan by repaying the principal and the applicable proportionate APR without incurring any penalties during this time. The cooling -off period will be at least one day for all loans

### **14. COMMUNICATIONS**

#### **A. FynX shall communicate to the customer upfront at the time of loan sanction:**

- Key Fact Statement (KFS) to the borrower before the execution of the contract in a standardized format for all digital loans as per the Digital Lending Guidelines and RBI Circular on Key Facts Statement (KFS) for Loans & Advances dated April 15, 2024, as applicable.
- The amount of loan sanctioned along with the terms and conditions including annualized rate of interest and annualized percentage rate (inclusive of all costs and

charges other than the contingent charges like penal charges and late payment charges etc.

- Details of the penal charges / overdue charges and the other charges payable by the customers in relation to their loan account and method of application thereof and late payment fees for late repayment of loan would be mentioned in bold in the loan agreement).

### **B. Changes to the Interest Rate/ Charges**

Any change in any of the terms and conditions, including annualized rate of interest or any charges, shall be communicated to the customer through electronic media or any other form of communication prior to implementation.

FynX shall also ensure that changes in interest rates and charges are affected only prospectively and this should be duly recorded in the loan agreement/ terms and conditions of financing.

### **C. Reset frequency of reference rate & spreads for Floating rate loans**

Customers would be suitably intimated at the time of sanction / disbursement that floating reference rate and spreads are subject to annual review. Any revision in respective floating reference rate and spreads would have the possible impact on equated instalments and/or tenor or both.

Additionally at the time of annual reset, customers would be communicated even if the rates remain unchanged after the review. In case of change in the final rate of the interest, Customers would be provided with a choice to opt for either modification in the equated instalment or tenor or a combination of both. An option to prepay, part or full, without any foreclosure charges/ penalties shall be provided for all credit facilities linked with the floating rate of interest. Elongation of tenor for floating rate loan shall not result in negative amortization.

## **15. DISCLOSURE ON THE WEBSITE**

The Policy which contains the rates of interest pertaining to each product category offered by the Company as well as Approach for Gradation of Risk shall be placed in the website of the Company. any change in the rates and charges for existing customers shall also be uploaded on the website of the Company.

## **16. REVIEW OF THE POLICY**

The Policy shall be amended or modified with approval of the Board. The Policy shall be reviewed by the Board on an annual basis. Consequent upon any amendments in RBI guidelines or any change in the position of the Company, necessary changes in this Policy shall be incorporated and approved by the Board taking into account recommendations made by the Risk Management Committee/ ALCO .

Notwithstanding anything contained in this Policy, in case of any contradiction of the provision of this Policy with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this Policy.

### Interest Rate Model ( Annexure -1)

#### MSME Loans/Personal Loans (Unsecured Term Loan/ Supply Chain Finance/Personal)

<b>Loans</b>	<b>Term Loans Partnership</b>	<b>Bullet Loan Partnership</b>	<b>Secured Loan</b>	<b>Supply chain Finance</b>
Ticket Size	Small Ticket	Micro Ticket	Large/Small Ticket	Micro/Small/Large Ticket
Minimum Ticket Size (INR)	10 thousand	1 thousand	50 thousand	Loan Facility: 1 Lac Drawdown: 5 thousand
Maximum Ticket Size (INR)	5 Lacs	5 Lacs	25 Lacs	Facility: 1.5 Cr. Drawdown: 1.5 Cr
Maximum Rate of Interest (ROI)	50%	70%	30%	30%
Minimum Tenor (in Months)	2	1	3	Loan Facility: 12 months Drawdown:7 days
Maximum Tenor (in Months)	60	12	60	Loan Facility: 12 months Drawdown: 180 days
Processing Fees*(% of Loan Amount)	10%	10%	5%	5%

### Interest Rate Model ( Annexure -1)

#### Personal Loans (Government/Private employees)

<b>Loans</b>	<b>EWA/ESA ( Earned Wage/Salary Advance )</b>	<b>SBL (Salary Based Loan)</b>
Ticket Size	Small Ticket	Micro Ticket
Minimum Ticket Size (INR)	1 Rs.	1 Rs.
Maximum Ticket Size (INR)	5 Lacs	24 Lacs
Maximum Rate of Interest (ROI)	22%	40%
Minimum Tenor (in Months)	1	1
Maximum Tenor (in Months)	1	60
Processing Fees*(% of Loan Amount)	Upto 10%	Upto 10%

## DETAILS OF CHARGES ( Annexure -2)

Schedule of Charges (SOC)	Term Loans
Processing Fees	Upto 10% of the loan amount sanctioned + GST. This is a non-refundable fee
Document Handling and RCU charges	Nil
Foreclosure Charges	Upto 5% of the outstanding value
Pre/Part loan payment	Upto 5% of the outstanding value
Stamp Duty and Documentation charges	Actuals to be borne by customer
PDC / ECS / NACH Bounce Charges / per transaction	Rs. 500
Repayment instrument change/ swap charges	Rs. 1000
EMI repayment cycle date change (In addition to these, Gap interest will also apply)	Rs. 1000
Modification of loan terms after first disbursement including but not limited to re - scheduling of loan repayment term, addition/ deletion of co-borrowers etc	Upto 2% of Outstanding Principal amount (as on the date of transaction)
Lock in Period	Nil
Issuance of Duplicate No objection certificate (NOC)	Rs.500
Duplicate Statement of Accounts (SOA)	Rs.500
Loan Cancellation Charges (and reversal of accounting charges)	INR 1,000/- + (Sanction Limit X rate of interest X No of days from date of disbursement to date of request of cancellation)
Penal Charges	36% per annum for the overdue period, over and above the ROI
Legal cost for sending a legal notice	Rs. 1,000
Legal cost for hiring a lawyer to contest the case against the Borrower	Rs. 10,000
Cersai Charges	Rs. 500
Issuance of duplicate interest certificate	NA
Charges for picking up the cheques/EMI from the borrower	Rs. 500
Charges for changing the Account from where ECS mandates are approved	Rs. 1,000
Dishonour of Cheque Charges	Rs. 2,000
No utilisation charges (under Credit Limit)	NA
Charges on rejection of the ECS mandate	Rs. 1,000
Litigation Charges	Debit basis actual

<b>Schedule of Charges (SOC)</b>	<b>Bullet Loan</b>
Processing Fees	Upto 10% of the loan amount sanctioned + GST. This is a non-refundable fee
Document Handling and RCU charges	Nil
Foreclosure Charges	Upto 5% of the outstanding value
Pre/Part loan payment	Upto 5% of the outstanding value
Stamp Duty and Documentation charges	Actuals to be borne by customer
PDC / ECS / NACH Bounce Charges / per transaction	Rs. 500
Repayment instrument change/ swap charges	Rs. 1000
EMI repayment cycle date change (In addition to these, Gap interest will also apply)	Rs. 1000
Modification of loan terms after first disbursement including but not limited to re - scheduling of loan repayment term, addition/ deletion of co-borrowers etc	Upto 2% of Outstanding Principal amount (as on the date of transaction)
Lock in Period	Nil
Issuance of Duplicate No objection certificate (NOC)	Rs.500
Duplicate Statement of Accounts (SOA)	NA
Loan Cancellation Charges (and reversal of accounting charges)	INR 1,000/- + (Sanction Limit X rate of interest X No of days from date of disbursement to date of request of cancellation)
Penal Charges	36% per annum for the overdue period, over and above the ROI
Legal cost for sending a legal notice	Rs. 1,000
Legal cost for hiring a lawyer to contest the case against the Borrower	Rs. 10,000
Cersai Charges	Rs. 500
Issuance of duplicate interest certificate	NA
Charges for picking up the cheques/EMI from the borrower	Rs. 500
Charges for changing the Account from where ECS mandates are approved	Rs. 1,000
Dishonour of Cheque Charges	Rs. 2,000
No utilisation charges (under Credit Limit)	NA
Charges on rejection of the ECS mandate	Rs. 1,000
Litigation Charges	Debit basis actual

<b>Schedule of Charges (SOC)</b>	<b>Supply Chain Finance</b>
Processing Fees	Upto 5% of the loan amount sanctioned. This is a non-refundable fee
File Charges / Initial Money Deposit (IMD)	NA
Document Handling and RCU charges	NA
Foreclosure Charges	NA
Pre/Part loan payment	NA
Stamp Duty and Documentation charges	Actuals to be borne by customer
PDC / ECS / NACH Bounce Charges / per transaction	Rs.750
Repayment instrument change/ swap charges	NA
Modification in EMI repayment cycle date change, addition/deletion of coborrowers etc (In addition to these, Gap interest will also apply)	Up to 5% of the outstanding value
Issuance of duplicate income tax certificate	NA
Issuance of Duplicate No objection certificate (NOC)	Rs.500
Duplicate Statement of Accounts (SOA)	NA
Document retrieval	NA
Loan Cancellation Charges (and reversal of accounting charges)	INR 5,000/- + (Sanction Limit X rate of interest X No of days from date of disbursement to date of request of cancellation)
Penal Charges	36% per annum for the overdue period, over and above the ROI
Legal Verification Charges	Actual basis
Technical Verification Charges/ valuation	Actual basis
Cersai Charges	Rs.500
Issuance of duplicate interest certificate	NA
Renewal Charges / Renewal of the limit	upto 5% of new enhanced limit
Tranche release charges	NA
No utilisation charges (under Credit Limit)	NA
Tranche release charges (under Credit Limit)	NA
Overutilization charges (under Credit Limit)	NA
Charges for picking up the cheques/EMI from the borrower	NA
Litigation Charges	Actual basis

Schedule of Charges (SOC)	Secured Loan
Processing Fees	Upto 5% of the loan amount sanctioned. This is a non-refundable fee
File Charges / Initial Money Deposit (IMD)	NA
Document Handling and RCU charges	NA
Hypothecation fees	Upto Rs 5,000
RTO transfer charges	Actual may vary geographically from RTO to RTO
Duplicate RC issuance charges	Actual may vary geographically from RTO to RTO
Foreclosure Charges	Upto 5% of the outstanding value
Pre/Part loan payment	NA
Stamp Duty and Documentation charges	Actuals to be borne by customer
PDC / ECS / NACH Bounce Charges / per transaction	Rs.750
Repayment instrument change/ swap charges	NA
Modification in EMI repayment cycle date change, addition/deletion of coborrowers etc (In addition to these, Gap interest will also apply)	Up to 5% of the outstanding value
Issuance of duplicate income tax certificate	NA
Issuance of Duplicate No objection certificate (NOC)	Rs.500
Duplicate Statement of Accounts (SOA)	NA
Document retrieval	NA
Loan Cancellation Charges (and reversal of accounting charges)	INR 5,000/- + (Sanction Limit X rate of interest X No of days from date of disbursement to date of request of cancellation)
Penal Charges	36% per annum for the overdue period, over and above the ROI
Legal Verification Charges	Actual basis
Technical Verification Charges/ valuation	Actual basis
Cersai Charges	Rs.500
Issuance of duplicate interest certificate	NA
Renewal Charges / Renewal of the limit	upto 5% of new enhanced limit
Tranche release charges	NA

No utilisation charges (under Credit Limit)	NA
Tranche release charges (under Credit Limit)	NA
Overutilization charges (under Credit Limit)	NA
Charges for picking up the cheques/EMI from the borrower	NA
Litigation Charges	Actual basis