

# **PRICING/INTEREST RATE POLICY**

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## 1 PURPOSE

This policy document defines the applicable policy to guide prospective customers of the CNH Industrial Capital (India) Private Limited (“CNH Capital” or “the Company”) on the internal principles and procedures followed in determining interest rates and fixing of processing and other charges. The objective is to bring in transparency in the process.

## 2 SCOPE

This policy designs the principles and procedures followed by CNH Capital in determining interest rates and other charges and process to be followed for revising the same. It applies to Wholesale Financing and Retail Financing businesses.

## 3 OBJECTIVES

This policy designs the principles and procedures CNH Capital would follow in determining the interest rates, processing fee and other charges applicable to its customers for Dealer Wholesale Financing and Retail Financing.

This policy is based on the regulations issued by Reserve Bank of India (RBI) who had vide its Circular DNBS / PD / CC No. 95/ 03.05.002/ 2006-07 dated May 24, 2007 advised Board of Directors of the Non-Banking Finance Companies (“NBFCs”) to lay out appropriate internal principles and procedures in determining interest rates, processing and other charges. Further, RBI vide circular DNBS (PD)C.C. No. 133 /03.10.001/ 2008-09 January 2, 2009 and RBI vide Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016, advised the NBFCs to adopt appropriate interest rate models taking into account relevant factors and to disclose the rate of interest, gradations of risk and rationale for charging different rates of interest to different category of borrowers.

## 4 PRINCIPLES FOR DETERMINING INTEREST RATE

The interest rate for the product shall be decided by the Pricing committee of the Company considering the following factors:

- (i) the cost of funds, matching tenor cost, market liquidity, refinance avenues, RBI policies on credit flow, offerings by competition, tenure of customer relationship, market reputation, cost of disbursements, cost of capital required, inherent credit and default risk in the products and customer per se arising from customer segment;
- (ii) Profile of the customers, qualification, subventions, schemes, promotion campaign, subsidies available, permitted deviations, ancillary business opportunities and the future potential business anticipated by the Management;

- (iii) Group strength and value to lender group, overall customer yield, nature and value of primary and collateral security, past repayment track record of the customers.

CNH Capital follows a discrete Pricing/Interest Rate Policy whereby the rate of interest for same product and tenor availed during same period by customers shall not be a standardized one but could be different for different customers depending upon consideration of any or combination of a few or all factors which are listed above.

While deciding the charges, the practices followed by the competitors in the market would also be taken into consideration in addition to factors listed above.

## 5 RATE OF INTEREST

The interest rates shall be offered on fixed, floating - (variable) basis. The floating rates shall be decided on periodic intervals at monthly / bi monthly / quarterly intervals depending upon various market factors.

- (ii) The annualized rate of interest shall be intimated to the customer.

- (iii) The interest reset period in case of variable loans shall be decided by CNH Capital from time to time.

- (iv) The interest shall be charged on monthly or longer rests based on the product to product.

- (v) Interest rates shall be intimated to the customers at the time of sanction / availing of the loan and the EMI apportionment towards interest and principal dues shall be made available to the customer.

- (vi) The interest shall be deemed payable immediately on the due date as communicated and no grace period for payment of interest is allowed unless communicated to the customer explicitly in the sanction letter.

- (vi) Interest changes shall be prospective in effect and intimation of change of interest or other charges shall be communicated to customers in a mode and manner deemed fit by CNH Capital.

In case of staggered disbursements, the rates of interest shall be subjected to review and the same may vary according to the prevailing rate at the time of disbursements or as may be decided by CNH Capital.

## 6 WAIVERS/REFUNDS

No claims for refund or waiver of such charges/ penal interest / additional interest shall normally be entertained by CNH Capital and it is the sole discretion of CNH Capital to deal with such requests, if any.

## 7 EXCEPTION APPROVAL & REVIEW:

The Board of Directors of CNH Capital shall review the policy based on business requirements. Any deviations to the policy shall be approved by the Managing Director.

## 8 RULES FOR CONTROLLING THE APPLICATION OF THE POLICY:

Application of this Policy is to be controlled by internal control, external audit and shareholders' audits.

## 9 APPROVALS

| Approver         | Date | Signature |
|------------------|------|-----------|
| Daniel McTaggart |      |           |
| Raunak Varma     |      |           |