

1. INTRODUCTION

This policy provides the principles and procedures Nissan Renault Financial Services India Private Limited (NRFSI) follows in determining interest rates, processing fees and other charges applicable to its customers for dealer wholesale finances, personal loans, retail loans for new and used cars and any other types of funding.

This policy is prepared based on the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 that advised Boards of Non-Banking Financial Companies (“NBFC”) to lay out appropriate internal principles and procedures in determining interest rates, processing fees and other charges, including to adopt appropriate interest rate models taking into account relevant factors and to disclose interest rates, gradations of risk and rationale for charging different interest rates to different categories of borrowers.

2. PRINCIPLES FOR DETERMINING INTEREST RATES

The Board shall have the oversight for Interest Rate Model Policy of the Company. The Company decides the interest rates for each of its loan products from time to time, based on advice, discussion and consideration given by Asset Liability Management Committee of the Company within the purview of Interest Rate Model Policy. The Company shall disclose the interest rates applicable to loan transactions in respective loan documents. Customers will not be compelled to sign the same unless the interest rate is acceptable.

2.1 COMPONENTS OF INTEREST RATES

The interest rate will be decided based on the approval authority defined in this policy after considering the factors including but not limited to:

Weighted Average Cost of Funds, calculated based on the actual cost of funds borrowed by the Company as well as estimated future funding costs. It shall consider tenor premium, market liquidity, refinance avenues, cost of capital required, and RBI policies on credit flow.

Operational Cost, which includes various kinds of fixed and variable costs such as labour costs, operation costs, sales and marketing expenses, collection costs, G&A, etc.

Credit Risk Cost, calculated based on the actual delinquencies and losses observed in the Company’s portfolios of respective finance products as well as the Company’s view on the future credit risk environment..

Return on Assets, which is required to secure the Company’s fair profitability and maintain healthy balance sheet, as required by the shareholders and the authorities. Market Competition will also be taken into consideration in this.

NRFSI may offer finances with fixed interest rate or with floating interest rate. The components of interest rates are the same in both the types, however, fixed interest rates will be determined as a single rate, whereas floating rates will be determined as Reference Rate plus Margin. Reference Rate and Margin are defined as follows.

Reference Rate should reflect weighted average cost of funds, operational cost and return on assets and it will be used as a benchmark rate for all the borrowers for the same product for the same period. It will be discussed and revised on the quarterly basis at Asset and Liability Management Committee based on the latest trends of each parameter.

Margin spread will be determined for each one of the borrowers depending on their credit risk them. and other qualitative and quantitative parameters. Spread may be different from one borrower to

another. For floor plan, it shall be discussed and determined for each dealer at Credit Committee.

2.2 AUTHORITY OF INTEREST RATE DECISION

Approval authorities for interest rate decision are set for each finance product as follows.

Retail Loan: MD based on inputs from by Asset and Liability Management Committee.

Wholesale – Inventory Finance (floating rate):

Reference Rate shall be decided by Asset and Liability Management Committee.

Margin for each dealer shall be decided by Credit Committee and MD.

Wholesale – Term Loan (fixed rate): Credit Committee and MD

3. APPROACH FOR GRADATION OF RISK AND KEY CONSIDERATION POINTS

NRFSI follows a discrete interest rate model/policy whereby interest rates for the same product and tenor availed during the same period may be different for different customers depending upon consideration of risk profiles of each customer. The Company considers the risk factors including, but not limited to:

- Job / Business
- Income and assets
- Past repayment history
- Education
- Tenure of relationship
- External credit score / Internal credit risk assessment
- Nature and value of collateral, security, or guarantee

Addition to the risk factors listed above, NRFSI may also evaluate the value of business relationship and/or other business opportunities and reflect it in interest rate decision.

4. SEGMENT-WISE INTEREST RATES

4.1 RETAIL LOAN

Segment	Interest Rate p.a.
New Car Loans	Up to 13%
Used Car Loans	Up to 18%
Personal Loans	Up to 14%

4.2 WHOLESALE/DEALER FUNDING – Floating Interest Rate

Segment	Interest Rate p.a.
Inventory Finance*	Up to 17%
Spare Parts Finance*	Up to 18%
WHOLESALE/DEALER FUNDING-FIXED RATE	Interest Rate p.a.
Term Loans	Up to 19%

***Based on the reference rate published in the NRFSI Website**

5. PROCESSING FEES AND OTHER CHARGES

For each of penal charges, new loan fees, and incidental charges including taxes thereof, NRFSI should take into consideration the relevant actual/calculated costs and may revise from time to time with an approval by the Management Committee and MD.

The current rates of each fee and charge are disclosed in Schedule of Charges in the Company’s website.

6. COMMUNICATION TO CUSTOMERS

Interest Rate Model Policy as well as Schedule of Charges shall be uploaded and updated from time to time on the Company’s website.

In each case of finance initiation, interest rates, as well as fees, charges, payment schedule and other key conditions, will be intimated to customers in sanction letters or loan agreement in accordance with any applicable laws and regulations and agreed by Customers when they sign the documents. For floating interest rate products, Reference Rate as a benchmark rate and Margin shall be respectively and explicitly communicated to customers in relevant documents.

In floating interest rate products, interest rate will change from time to time. The changes will be communicated to the customers in the manner aligned with RBI’s relevant guidelines through appropriate mode of communication. Any change in interest rates and charges shall be affected only prospectively. A suitable condition in this regard shall be incorporated in the loan agreement. Reference Rate shall also be uploaded and updated from time to time on the Company’s website for public access

All the interest rates communicated to customers shall be stated as rates per annum.

7. EXCEPTION APPROVAL & REVIEW

The Board of Directors of NRFSI shall review the policy and may revise it based on business requirements conducted by Finance. Any deviations to the policy may be approved by the Management Committee.

Annual review of this policy shall be performed by the Management Committee and placed before the Board for its approval.