

Our approach on the Interest Rate and Gradation of Risk

Reserve Bank of India's Fair Practice Code defines the transparency to be followed by Non-Banking Finance Companies in all the Loan transactions. John Deere Financial India Private Limited (JDFIPL) approach to charging interest rate and grading risks is disclosed to customers in Loan offer letter and the information to common public is also hosted on its website.

- ❖ JDFIPL decision on interest rate and gradation of risk are determined on a case to case basis taking in to account various factors like profile of customer, repayment capacity, credit history, cash flows and other financial obligations, Loan to Value, Loan tenure, geography, crops grown, work orders in hand, profile of institution granting work order, source of different revenue and payment frequencies.
- ❖ JDFIPL also apply the internal risk assessment tool while analyzing the risk of each application based on which the gradation of risk is done.
- ❖ The information collected from customer, market and other sources are used for assessment which also includes Credit bureau information. JDFIPL Credit policy and process will be guiding principle for credit assessment and approach.
- ❖ Customers are communicated about the Interest rate charged as disclosed in Loan sanction letter(Loan offer Letter) and consent is recorded/ received accepting the terms and conditions of the Offer.
- ❖ JDFIPL Management use its discretion to charge different interest rates on case to case basis depending on the perceived risk based on available facts and circumstances. Hence there is possibility of charging different interest rates to different customers at same time even though the product and terms remain same.
- ❖ The Prevailing Competitive products and financial Services available in the market will be deterrent factors against charging an excessive rate of interest to the customers.

- Updated on May 20,2020