



# Interest Rate Policy

## Cisco Systems Capital (India) Private Limited

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## Business Background

Cisco Systems Capital (India) Private Limited (the “Company”) is the captive vendor finance division for Cisco providing or procuring financing to allow Cisco customers or customers of Cisco partners to buy or lease Cisco Information and Communication Technology (“ICT”), including hardware, software and related services such as maintenance services, installation services, hotline services, update services, etc. The Company does not manufacture goods or provide services itself. The Company offers financing to corporate entities and businesses. It does not offer financing to any individuals or consumers. While loans / financing solutions form part of Cisco Capital India’s finance products, the Company does not have a banking license in India and further, registered with the Reserve Bank of India (“RBI”) as a Non-Banking Financial Company (“NBFC”) and classified as Middle Layer (“NBFC-ML”).

In due compliance with the applicable regulatory provisions and to maintain highest standards of transparency the Company has adopted the Interest Rate Policy. The Company has adopted appropriate internal principles and procedures for determining and ensuring that the interest rates and processing and other charges are not excessive.

## Interest Rate Model

Loan and lease assets created by the Company shall be priced primarily based on the cost of funds and risks associated with the quality of the counterparty and their possibility of default. In addition to the cost of funds, considers cost of capital, credit risk premium associated with borrowers or pools of borrowers, administrative costs and profit margin while deciding the pricing, besides the current level of interest in the market for similar lending activity. Cisco Treasury internally publishes pricing card for various categories of borrowers and customers.

The Company has adopted a risk-based approach for customer classification for the purpose of determining applicable rate of interest. The interest rate offered for various products by the Company is arrived at after taking into account diverse parameters such as borrower company’s history, management reputation, credit and default risk in the related business segment, historical performance of similar customers, repayment track record of the borrower, overall customer yield, nature and value of primary and collateral security, etc.

The Company may offer loans at fixed rate of interest or variable rate of interest. Interest is computed on the actual funding value. Interest may be charged on monthly or quarterly or half-yearly rests for different product offerings and customer segments.

Customer classification for determination of rate of interest can be summarized as below categories:

### Investment Grade Rating (Low Risk Category)

Companies with strongest financials and demonstrate a high likelihood of repayment. These companies would be mainly publicly traded companies.

### Non-Investment Grade (Medium Risk Category)

Companies with limited access to capital markets, and those small in size (based upon revenue and/or asset base). However, such companies still financially viable fall under this category.

### High Risk

Companies that are categorized in this credit rating are either very weak, showing sign of financial deterioration, start-ups and recapitalizations or accounts downgraded to high risk during tenure of relationship. Companies with such ratings are not eligible for new financing (unless approved under special circumstances by the approving authority).

Indicative rate of interest applicable with effect from April 1, 2024, to each category of borrowers for loans denominated in Indian Rupees are as below:

Parameters	(Basis Points / Per Annum)		
	Customer Categories		
	A	B	C
Loan or Advance for more than 6 months and upto 60 months	500 - 790	800 - 1150	-
Loan or Advance for more than 60 months (only by exception)	500 - 790	800 - 1150	-

The aforementioned interest rates are indicative. The Management of the Company reserves the right to charge differential interest rate/s for a credit facility depending upon market conditions and subject to the applicable statutory and regulatory provisions.

### Penal Interest and Late Payment Charges

As a deterrent against intentional delinquency and to encourage prompt and timely repayment of instalments, the Company reserves the right to impose penalty of 2% per month calculated on a simple interest basis for delayed instalment repayments by customers. In deserving cases, such interest is settled at much lower rates or waived as per the Authorization Matrix.

### Processing and Other Charges

The loan processing and other charges, if any, being recovered from customers are expressly stated in the Loan Agreement. They vary based on the asset financed, the exposure limit, customer segment and generally represent the cost incurred in rendering services to customers. In most of the cases, the Company does not charge processing and other incidental charges.

## Policy Review

This Policy is reviewed by the Board of Directors at its meeting held on December 16, 2024. The Board of Directors endeavors to review the policy annually. The Board of Directors need to review the policy as and when required to incorporate necessary changes as may be required by the applicable provisions of master directions, notifications, guidelines, directions, circulars, and press note as maybe issued by the RBI from time to time.

## Disclosure

The Company has placed the Policy on its website, [https://www.cisco.com/c/en\\_in/buy/payment-solutions.html](https://www.cisco.com/c/en_in/buy/payment-solutions.html), for the information of various stakeholders. The Company may share a copy of this document with the internal auditors, the statutory auditors, the Reserve Bank of India, other government / regulatory bodies for authorized purposes, Cisco Capital's regional & global management personnel, and any other person the Board of Directors deem fit for sharing. Members of Board of Directors, Company Secretary and Chief Compliance Officer of the Company are authorized to share authenticated copy of this document.