

TATA CAPITAL LIMITED

POLICY FOR DETERMINING INTEREST RATES, PROCESSING AND OTHER CHARGES

1. INTEREST RATE MODEL

Loan Assets created by Tata Capital Limited ("TCL"/ "the Company") shall be priced primarily based on the Cost of Funds ("COF") and risks associated with the quality of the counterparty and their possibility of default. The COF represented by the borrowing rate of TCL varies according to market conditions and, thus, the pricing of new loans is impacted by any change in the COF.

In addition to the COF, TCL considers cost of capital, credit risk premium associated with particular 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.

The borrowing rate for TCL is dependent on the maturity period for which the funds are borrowed. Similarly, the loan assets are priced based on the borrowing rate corresponding to the maturity or tenor for which the asset is created. In case of floating rate loan assets, the pricing is based on the COF or borrowing rate corresponding to the reset period or similar such parameter.

Based on the above, the Company's Benchmark Prime Lending Rate ("PLR"), as reviewed, with effect from a date as may be approved by the Managing Director of the Company which shall not be later than March 10, 2023, is, as under:

Long Term Lending Rate: 21.55% p.a.
Short Term Lending Rate: 20.35% p.a.
Mortgage Prime Lending Rate ("MPLR"):19.75% p.a.

2. PENAL INTEREST I LATE PAYMENT CHARGES

As a deterrent against intentional delinquency and to encourage prompt and timely repayment of instalments, the Loan Agreement provides for penal interest of upto 3% per month calculated on a simple interest basis. However, in most cases, such delayed interest is recovered @ 2% per month or lower for the delayed period on a simple interest basis. In deserving cases, such interest is settled at much lower rates or waived as per the Authorisation Matrix.

3. PROCESSING/ DOCUMENTATION AND OTHER CHARGES

All processing/documentation and other charges recovered are expressly stated in the Loan Agreement. They vary based on the asset financed, the exposure limit, expenses incurred in the geographical location, customer segment and generally represent the cost incurred in rendering services to the customers.

4. CHANGE IN LENDING RATE

The Asset-Liability Management Committee of the Company is authorized to make modifications in the PLR and MPLR of the Company, if required, from time to time. The Chief Financial Officer of the Company shall report revisions in the interest rates, processing, documentation and other charges, periodically to the Board.

** The Managing Director approved the revised PLR and MPLR of the Company with effect from March 1, 2023.*

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