

TATA CLEANTECH CAPITAL LIMITED

POLICY FOR DETERMINING INTEREST RATES, PROCESSING AND OTHER CHARGES

1. INTEREST RATE MODEL

Loan Assets created by Tata Cleantech Capital Limited (“TCCL” or “Company”) are priced primarily based on the Cost of funds and risks associated with the quality of the counterparty and their possibility of default. The cost of funds represented by the borrowing rate of TCCL varies according to market conditions and thus, the pricing of new loans is impacted by any change in the cost of funds.

In addition to the cost of funds, TCCL considers cost of capital, credit risk premium associated with particular borrowers or pools of borrowers, tenor of the loan, 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 TCCL 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 cost of funds or borrowing rate corresponding to the reset period or similar such parameter.

Based on the above, the Company’s Benchmark Prime Lending Rate (“BPLR”), with effect from October 15, 2022 is, as under:

- a) Long Term Lending Rate (“LTLR”): 20.85% p.a.
- b) Short Term Lending Rate (“STLR”): 19.35% p.a.
- c) New Prime Lending Rate – Long Term (“NPLR – LT”) (For loan with maturity greater than one year): 18.60% p.a.
- d) New Prime Lending Rate – Short Term (“NPLR – ST”) (For loan with maturity less than one year): 17.10% p.a.

2. PENAL INTEREST / LATE PAYMENT CHARGES

As a deterrent against intentional delinquency and to encourage prompt and timely repayment of installments, the Loan Agreement provides for penal interest of up to 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 Authorization 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 SHORT TERM / LONG TERM LENDING RATE

The Finance and Asset Liability Supervisory Committee of the Board of Directors of the Company is authorized to make modifications in the short term / long term lending rates as per the regulatory and / or business requirements of the Company. Any revisions in the interest rates, processing / documentation and other charges will be reported periodically to the Board / Committee of the Board.