

TATA MOTORS FINANCE LIMITED

Interest Rate Policy and Gradation of Risks

Preamble

Reserve Bank of India vide its notification No. DNBS. 204 / CGM (ASR)-2009 dated January 2, 2009 and vide its Guidelines on FPC for NBFCs DNBS.CC.PD.No.320/03.10.01/2012-13 dated February 18, 2013, consolidated in the RBI Master Directions No. Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016, have directed all NBFCs to make available the rates of interest and the approach for gradation of risks on the web-site of the companies.

Accordingly, this note describes the current interest rate policy for Tata Motors Finance Limited (TMFL) and shall be applicable till further notice.

Rates of Interest and the approach for gradation of risks

TMFL is primarily engaged in the financing of Commercial Vehicles (CV) & Passenger Vehicles (PV) manufactured by Tata Motors Ltd (TML), Channel Finance to Authorized Dealers of TML & Vendor financing to Authorized Vendors of TML.

Normally applicable Indicative interest rates are as under:

Commercial Vehicles :

First Time Users – 8% to 18%

Retail / Sub retail – 7% to 15%

Strategic and Super strategic- 6% to 14%

Passenger Vehicles : in range of 8% to 20%

Corporate Lending Products:

Corporate lending short term: - 6% to 14%

Corporate lending long term : 8% to 17%

Note :

1. Rate of Fixed rate loans remains same
2. All rates mentioned are only indicative and are annualised
3. End customer rate can be lower than this range depending upon any scheme, subvention, etc

The Interest rate applicable is based on multiple parameters such as cost of borrowings, credit risk premium (depending upon the borrower profile, repayment capacity of the borrower, loan to value of the asset financed, nature & type of collateral security provided by the borrower, tenor of the loan, past repayment track record of the borrower etc), administrative cost and profit margin associated with the borrowers.

The rates of interest for the same product and tenor availed during same period by different customers need not be standardized but could be different for different customers depending upon consideration of any or combination of a few or all factors listed above.

Interest changes would be prospective in effect and intimation of change of interest or other charges would be communicated to customers in a mode and manner deemed fit.

Besides normal interest, the company may levy other financial charges like processing fees, cheque bouncing charges, prepayment/ foreclosure charges, part disbursement charges, commitment fees, charges on various other services like issuing No Due Certificates, NOC letters, ceding charge on assets/ security, security swap & exchange charges wherever considered necessary. Besides the base charges, GST/service tax and other applicable taxes/cess would be collected at applicable rates from time to time. Any revision in these charges would be from prospective effect.

The Company intimates the borrower, the loan amount, annualized rate of interest and method of application at the time of sanction of the loan along with the tenure and amount of monthly instalment.

Claims for refund or waiver of charges/penal interest/additional interest would normally not be entertained by the company and it is the sole discretion of the company to deal with such requests if any.

This Policy is last reviewed and approved by the Board of Directors in its meeting held on May 24, 2022.