

AMEMDMENT TO INTEREST RATE POLICY

Background:-

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 had 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, the Company had sought approval of the Board for the Interest Rate Policy and displayed the same on web site of the Company.

Proposal:

Due to reduction in interest rate in the market in recent time and changing business scenario, it is proposed to modify existing Interest Rate Policy.

The only modification proposed to the policy is as under:

The rates of interest charged by TMFSL which were in the range of 12% to 24% earlier are now proposed to be revised to in the range of 10% to 24% depending upon the combination of factors specified in the policy.

Approval of the Board is sought for the same.

Interest Rate Policy after incorporating above modification is given hereunder:

TATA MOTORS FINANCE SOLUTIONS 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 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 Solutions Limited (TMFSL) and shall be applicable till further notice.

Rates of Interest and the approach for gradation of risks

TMFSL is primarily engaged in the financing of Used Commercial Vehicles (UCV) manufactured by Tata Motors Ltd (TML), financing of CEQ, Channel financing to Dealers of Tata Motors and Short term/long term financing to dealers and vendors of Tata Motors/Tata Hitachi.

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.

Besides interest, other financial charges like processing fees, cheque bouncing charges, pre payment/ 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 would be levied by the company wherever considered necessary.

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

The interest rate structure for various class of borrowers based on their risk profile along with the necessary deviations that can be provided by the respective officials is circulated to the internal teams duly approved by CEO/MD.

The rates of interest charged by TMFSL are in the range of 10% to 24% depending upon the combination of factors specified above.

Approved in the Board meeting dated January 30, 2017