

Pricing Policy

Introduction:

Shriram Housing Finance Limited (the “Company” / “SHFL”) follows a risk based pricing model which is determined based on the internal grading of the proposed borrower (the grade of the borrower is arrived based on qualification of standard customer selection criteria) and customer risk profile determined based on the final internal grading. In determining the total cost to the borrower, the Company lays emphasis on risk & reward balance, cost expected to be incurred during the life cycle of the loan which includes cost of funds, loan origination cost, collection cost, administrative expenses i.e. Infrastructure, communication, duties / stamping expenses, loan servicing and other verification such as contact point verification, residence / officer verification and assets verification.

This interest rate policy is adapted pursuant to the Directions of National Housing Bank (“NHB”) vide its Notification No. NHB (ND)/DRS/POL-No. 29/2009 dated June 02, 2009.

SHFL ensures fair practice and transparency to its customers and accordingly this interest rate policy is also published on Company’s website.

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Parameters	Guidelines
Approach for Gradation of Risk	<ul style="list-style-type: none"> • Each client represents a different risk profile based on the promoter profile, experience, credit and default risk in the respective business segment, CIBIL scores, repayment track record of the borrower with lenders, group strength, nature and value of primary and collateral security etc. • A cost premium / discount is attached to overall interest rate on the loan for the client based upon the gradation of risks.
Interest Rate Model	<p>SHFL shall be pricing the loans to the client / borrower based on the following factors:</p> <ol style="list-style-type: none"> 1. Cost of Funds – The Asset Liability Management (ALM) Committee plays a critical role in managing the short and long term cost of the funds & asset and liability balance for the company. ALM committee gives guidance on cost of funds for respective tenor and range of interest rates for the loan. 2. Tenor of Facility – Tenor of the facility is also a key factor in deciding on the interest rate for the borrower since short & long term funds have different cost associated to them. 3. Perceived Industry Risk – There are perceived industry risk, accordingly, risk premium / discount is assigned to the interest rate which is offered to the client after factoring the industry risk. 4. Security - Client offers variety of securities for the loan which include exclusive charge or pari-passu charge on current assets, movable fixed assets, fixed assets, property etc. This parameter is also critical while assigning the risk premium / discount to the pricing. 5. Loan Ratings - External rating of the company from the Rating Agencies like CRISIL, CARE, India Ratings and SMERA etc. also helps in assigning the risk

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	weightage to the client profile and thereby arriving at the interest rate for the client. 6. Profile of Customer – Customer profile which includes their experience, market reputation, business profile, financial profile, business model, etc. is an important factor in deriving the interest for the loans. 7. Annualised Rate - The rate of interest is annualised rates so that the borrower is aware of the exact rates that will be charged to the account.
Customer communication	The pricing is communicated to customer in the Sanction Letter. The customer is given a copy of sanction letter which mentions the rate of interest and if it is Fixed or Floating.
Interest Rate Range	HL - From 9.00% to 17.00% LAP – From 11.00% to 18.00%

The information related to rates of interest and approach for risk gradation shall be updated on the Company's website (www.shriramhousing.com) whenever there is any change in the rate of interest policy.

Annual Percentage Rate : APR/ total Cost of Credit can be calculated based on the applicable Rate of Interest on the Loan and the applicable fee/ charges to be paid for availing the Loan and it can be used by the customers to compare the costs associated with borrowing across products and/or lenders.

The APR of Shriram Housing Finance Limited is furnished in the table below:

Particulars	HL		LAP	
	Min	Max	Min	Max
Interest Rate Range	9.00%	17.00%	11.00%	18.00%
PF%*	0.07%	0.07%	0.19%	0.19%
Annual Percentage Rate (APR)	9.07%	17.07%	11.19%	18.19%

Note:

- (i) *PF considered @ 1% minimum and 1.5% max for HL - amortized over 15 years
- (ii) *PF considered @ 1.5% minimum and 2% max for LAP - amortized over 8 years
- (iii) The Annual Percentage Rate (APR) of loan is the total annual cost of the loan/ credit in percentage terms. The APR represents total cost of credit on a loan on per annum basis.
- (iv) APR may not remain same in case of revision in the floating rate of interest. Further, the APR will vary if other fee/ charges like prepayment charges, penal interest, CERSAI charges, stamp duty etc. (which one may incur during lifecycle of the Loan) are factored.
- (v) The SHPLR w.e.f 14th February 2023 is 16.60% p.a.