

## 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 and pursuant to Master Direction of Non Banking Financial Companies – Housing Finance Companies (Reserve Bank) Directions, 2021.

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

### Pricing Policy

Parameters	Guidelines
<b>Approach for Gradation of Risk</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• A cost premium / discount is attached to overall interest rate on the loan for the client based upon the gradation of risks.</li> </ul>
<b>Interest Rate Model</b>	<p>SHFL shall be pricing the loans to the client / borrower based on the following factors:</p> <ol style="list-style-type: none"> <li>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 &amp; 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.</li> <li>2. Tenor of Facility – Tenor of the facility is also a key factor in deciding on the interest rate for the borrower since short &amp; long term funds have different cost associated to them.</li> <li>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.</li> <li>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,</li> </ol>

Parameters	Guidelines
	<p>property etc. This parameter is also critical while assigning the risk premium / discount to the pricing.</p> <p>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 weightage to the client profile and thereby arriving at the interest rate for the client.</p> <p>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.</p> <p>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.</p>
<b>Switch over from floating rate to fixed rate</b>	<p>In the event of reset of benchmark rate of SHFL i.e. SHPLR, the borrower will be communicated for change through appropriate channel. The borrower, who has availed home loan from the Company, will have option to switch from floating to fixed within the specified time, as decided by Company from time to time. Borrower can avail this option maximum for two times during the tenor of loan after paying the necessary switch charges. The loan shall be converted to prevailing fixed rate pricing at the time of switch.</p> <p>In case of reset for loans with floating rate, the impact shall be adjusted in tenor of the facility unless requested otherwise and elongation of tenor does not result in negative amortisation in case of upward revision.</p>
<b>Customer communication</b>	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 type of interest i.e. Fixed or Floating.
<b>Sourcing Interest Rate Range*</b>	<p>HL - From 8.50% to 17.00%</p> <p>LAP – From 11.00% to 21.00%</p>

**\*as per Pricing Grid**

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

<b>Annual Percentage Rate</b>	<p>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.</p> <p><b>The APR of Shriram Housing Finance Limited is furnished in the table below:</b></p>			
	<b>HL</b>		<b>LAP</b>	
<b>Particulars</b>	<b>Min</b>	<b>Max</b>	<b>Min</b>	<b>Max</b>
Sourcing Interest Rate Range <i>(as per Pricing Grid)</i>	8.50%	18.00%	10.00%	22.00%
PF%**	0.03%	0.20%	0.13%	0.38%
<b>Annual Percentage Rate(APR)</b>	<b>8.53%</b>	<b>18.20%</b>	<b>10.13%</b>	<b>22.38%</b>

	<p><b>Note:</b></p> <ol style="list-style-type: none"> <li>(1) **PF considered @ 0.5% minimum and 3.0% max for HL - amortized over 15 years</li> <li>(2) **PF considered @ 1.0% minimum and 3.0% max for LAP - amortized over 8 years</li> <li>(3) 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.</li> <li>(4) 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 charge, CERSAI charges, stamp duty etc. (which one may incur during lifecycle of the Loan) are factored.</li> <li>(5) The SHPLR w.e.f 07<sup>th</sup> Mar 2024 is 17.35% p.a. Effective 01<sup>st</sup> April 2024, New LAP PLR will be 16.35% for all LAP customers and New HL PLR will be 15.75% for all HL customers booked from 01-Apr-24 onwards. SHFL's existing PLR will be continued to be applicable for cases up to 31<sup>st</sup> March 2024.</li> <li>(6) Loans with higher or lower interest rate / processing fees may be sourced, based on specific risk assessment of the loan, with exception approvals.</li> <li>(7) The sourcing interest rate range excludes "Loans to employees of SHFL and group companies"</li> </ol>
<b>Interest rate type</b>	Company offers loans at Floating rate, Fixed and Semi-Fixed rate as per request of borrowers. Semi-Fixed rates are wherein loans are offered at fixed rate for the period ranging between 12 months - 36 months & floating rate thereafter
<b>Retention Repricing</b>	For Retention repricing, Company may choose to apply a Fixed rate for the customer for a period of upto maximum 3 years.
<b>Revision of Interest Rate</b>	<p>The rate of interest for loans may be changed, for identified loans, on the following scenarios, prospectively, based on the credit assessment methodology. The communication to the customer regarding the change shall be made as stated in the Fair Practices Code of the Company.</p> <ol style="list-style-type: none"> <li>1) Frequent bounces or Delay in repayment of loan</li> <li>2) Credit deterioration in another loan with SHFL</li> <li>3) Credit deterioration reported by any another lender</li> <li>4) Deterioration in Bureau score</li> <li>5) Name appearing in negative list / defaulter list of RBI, NHB, etc.</li> <li>6) Inaccuracies or discrepancies found in any documents submitted to SHFL</li> <li>7) Deterioration in customers' risk profile basis internal analytical assessment of the borrower/s by SHFL</li> <li>8) Non compliance to sanction conditions subsequent to disbursement</li> </ol>

**Note: Any amendments / changes to this Pricing Policy can be approved by ALCO Committee.**

**Annexure - Waiver Approval Authority Limits**

**Rate of Interest (ROI):**

Product	MD & CEO	Chief Operating Officer (COO)	National sales director / Sales director	Product Head
Housing Loan (HL)	Below 10.50%	Upto 10.50%	Deviation of 1.00% on applicable rate	Deviation of 1.50% on applicable rate
Loan Against Property (LAP)	Below 12.00%	Upto 12.00%		

**Processing Fee (PF):**

Product	MD & CEO	Chief Operating Officer (COO)
All Products	Below 0.50%	Upto 0.50%

\* Exclusive of GST / Taxes

**Note: Any change in the Waiver Approval Matrix (i.e. ROI / PF Waiver Matrix) to be approved by Managing Director & CEO (SHFL).**

## Sign-off History

Version Number	Sign-off Details	Name	Sign-off Date
7.0	Prepared By	Vijay Kamath	15-10-2024
	Reviewed By	Ritu Jajoo	15-10-2024
	Recommended By	Risk Management	15-10-2024
	Approved By	Board of Directors	23-10-2024