

**SHRIRAM CREDIT COMPANY LIMITED**

**INTEREST RATE POLICY**

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The Reserve Bank of India (“RBI”) has issued the Master Circular – Fair Practices Code dated July 1, 2015 bearing reference number DNBS (PD) CC.No.054/03.10.119/2015-16 (“Master Circular”), which details guidelines on fair practices code to be adopted by all nonbanking financial companies (“NBFCs”) while doing lending business, which also includes provisions in relation to charging of interest rates by NBFCs. The RBI has further issued the Master Direction– Non-Banking Financial Company - Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 (updated as on October 17, 2016 and February 2, 2017) and bearing reference number RBI/DNBR/2016-17/45 (“Master Direction”), which Master Direction is applicable to inter alia every systemically important NBFC, and which contains requirements on fair practices codes to be adopted by all such NBFCs.

The RBI, having received several complaints regarding levying of excessive interest and charges on certain loans and advances by NBFCs, has by way of the Master Circular stipulated that though interest rates are not regulated by the RBI, rates of interest beyond a certain level may be seen to be excessive and can neither be sustainable nor be conforming to normal financial practice. Accordingly, the Master Circular requires all NBFCs to lay out appropriate internal principles and procedures in determining interest rates and processing and other charges (with the approval of the board of directors of the NBFC), which contains the guidelines outlined in the Master Circular and the Master Direction. Accordingly, Shriram Credit Company Limited (the “Company”) has put in place this interest rate policy (“Interest Rate Policy”) to be followed by the Company in determining interest rates and processing and other charges in relation to its lending business. This Interest Rate Policy is intended to be representative of the Company’s guiding philosophy in relation to dealing with customers in a transparent and open manner.

The base interest rate will be arrived at based on the weighted average cost of funds, risk premium, other costs such as costs such as administrative expenses and profit margin.

The base interest rate is reviewed periodically by the ALM Committee.

The Interest rate applicable to each loan account will be assessed based on multiple parameters like tenure, borrower profile, borrowers repayment capacity based on the cash flows, loan to value of the asset financed, type of collateral security provided by the borrower and past repayment track record of the borrower, etc.

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.

The Company shall intimate the borrower loan amount, annualized rate of interest and method of application at the time of sanction of the loan.

The other charges such as processing fees, additional interest charged on delayed payments and cheque bouncing charges are mentioned in the Schedule which is part of the Loan Agreement.

The rate of interest applicable to each loan account is subject to change as the situation warrants and is subject to the Management's perceived risk on a case to case basis.

Claims for refund or waiver of charges/ penal interest / additional interest would normally not be entertained by the company and it is at the sole discretion of the company to deal with such requests if any. Accordingly the present annualized rate of interest charged to our customers is in the range of:

- Secured Loan 12% - 24%
- LAP 10%-18%
- Any other Loan 10% - 28%

Any deviation from the above will be with the consent of ALM Committee.

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