



Jab zindagi badalni ho

INTEREST RATE POLICY



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		1.0	12.04.2014	Approved by the Board of Directors
Head - Operations		1.1	17.09.2021	Reviewed by the Board of Directors
Head - Operations	CEO	1.2	31.03.2023	Inserted a new point under 'Risk Premium'
Head - Finance, and CCO	CEO	1.3	26.03.2024	Deleted the maximum rate of interest at 30% provided in Point 2 and replaced the clause Additional Interest to 'Rebate in Interest for Gold Loan'
Head - Finance, and CCO	CEO	1.4	13.08.2024	<ul style="list-style-type: none"> • Revised clause 'Risk Premium'. • Inserted new clause 'iii. Profit Margin'. • Revised clause 'Rebate in Interest'.

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Author	Reviewer	Version No.	Effective Date	Change Description
				<ul style="list-style-type: none"> • Inserted the following new clauses: <ol style="list-style-type: none"> 4. Charges on Loans 5. Authority to Fix Interest Rate 6. Special Conditions applicable to Interest Rates 7. Interest Rate related Communication with Customers.
CFO	CRO	1.5	Approved by the Board on 24.10.2024 effective from 01.10.2024	<ul style="list-style-type: none"> • Addition of table on interest rates on all products offered/to be offered by the Company and criteria for determination of risk premium (gradation of borrowers on the basis of risk)

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Interest Rate Policy

1. This Policy lays down the broad guidelines for determining the interest rates on various Loan Products of the Company. In addition to these broad guidelines, the determination of Interest Rates will also be governed by the prevailing market conditions and also by the various Rules and, Regulations framed by, and Directions issued by the Reserve Bank of India or such other Competent Authorities from time to time.
2. Interest Rates fixed for each Loan Product shall have three components viz., Basic Rate, Risk Premium and Profit Margin.

i) Basic Rate

Basic Rate shall be determined considering the following aspects:

a) Cost of Funds: This includes the interest and other related charges payable by the Company on the borrowed funds such as Loan from Banks/ Financial Institutions, Secured NCD's etc.

b) Operating Cost: This includes the employee cost and other administrative overheads of the Company.

ii) Risk Premium

Fixation of Risk Premium will depend on the gradation of the risk which, in turn, will have a bearing on the nature and extent or level of risk associated with the product. While fixing the risk premium, the Company shall take into consideration, the borrower's profile, income, savings and financial metrics of the borrower, end use of the loan, business of the borrower, the underlying asset provided as security for the loan, the nature and value of security including stock-in-trade, the LTV rate applicable to the loan, the frequency of servicing of the loan by the customer, risk perception of the company based on geographical location, Class of customers, Interest rate risk (fixed vs floating loan), ALM mismatch risk, Credit and default risk in the related business segment, historical performance of similar homogeneous clients, Industry segment, Repayment track record of the borrower, Secured vs unsecured loan, Ticket

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size of loan, Bureau Score, Tenure of Loan, Customer Indebtedness (other existing loans), adequacy of borrower's cash flow to meet repayment obligations, Market Conditions, Competition being faced from time to time etc.

iii) Profit Margin:

A reasonable margin for Profit may be factored into the Interest Rate fixation process for a product taking into consideration the cost of funds employed and the business efforts to be taken to make available the product to the customers.

3. Rebate in Interest:

Depending on various factors related to a Product, such as its availability, interchangeability of financial resources, seasonal trends in market, competition, promotional nature, etc., the Company may extend rebate to customers in the Rate of Interest applicable to a product for limited or unlimited time for early servicing of the Loan Product.

4. Charges on Loans

Besides interest, other financial and non-financial charges including processing fees, origination fees, cheque bouncing charges, late payment charges, rescheduling charges, pre-payment / foreclosure charges, part-disbursement charges, cheque swap charges, security swap charges, charges for issue of statement account and such other requisite charges would be levied by the company wherever considered necessary. Besides these charges, statutory and legal charges like stamp duty, goods and services tax, other cess etc., would also be collected at applicable/prescribed rates from time to time. Statutory levies / taxes may be considered on inclusive / exclusive basis for the charges levied by the Company. Any revision in these charges would be from prospective effect except those statutory/legal charges which are generally decided by the concerned Govt. authorities. Penal Charges for default of timely repayment can also be fixed and levied from the Customers in the prescribed manner. These charges would be decided upon by respective business / product heads in

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consultation with Operations, Finance and Legal Heads.

Table on Interest Rate charged on various products offered/to be offered by the Company

Product Segment	Main Factors	Interest Rate Offered*
LAP	Residential Property, Risk Category	Upto 34%
	Commercial Property, Risk Category	Upto 34%
	Industrial Property, Risk Category	Upto 34%
	Open Plot, Risk Category	Upto 34%
Vyapar Mitra (EDI Loans)	Profile, Stocks, Cash Flows, Risk Category	Upto 36%
Bandhan Plus	Profile, Relationship vintage, Cash Flow, Risk Category	Upto 36%
Supply Chain Finance	The rates of interest will be different for different categories of borrower based on their credit risk profile; strength of anchors & security provided (if any).	Upto 36%
Gold loan	Loan to value ratio and customer's interest payment behaviour in respect of the current loan	Upto 30%
Digital Supply Chain Finance	Customer profile, platform Gross Merchandise Value, sources of funds, risk profile, nature of lending	Upto 36%
Digital MSME EDI Loans	Customer profile, platform Total Payment Value, sources of funds, risk profile, nature of lending	Upto 52%
Personal Loan	Customer's Profile and Credit history	Upto 28%
Unsecured Loan	Customer's Profile, Cash Flow and Credit history	Upto 28%
Large Credits	Credit profile of the borrower and future cash flow analysis	Upto 24%

* Interest range shall vary from customer to customer and shall include base rate (cost of funds and operating cost to the Company), risk premium (determined on risk gradation of customer) and profit margin. The determination of final rate is at the sole discretion of the Company.

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5. Authority to Fix Interest Rate:

The authority to fix the Interest Rate for each Loan Product is vested in the Management Committee consisting of the Managing Director, Chief Executive Officer, Head - Finance and Head - Product Management.

6.Special Conditions applicable to Interest Rates

- i) The interest rates charge shall be 'Fixed' in nature and not 'Floating', unless specifically approved by the Management Committee.
- ii) No penal interest shall be levied for any product.
- iii) Charges levied shall not be compounded, that is, interest shall not be levied on the charges receivable from customers.

7. Interest Rate related Communication with Customers

- i) Interest rates including existing rebate if any thereon, would be intimated to the customers at the time of sanction / availing of the loan / Key Facts Statement.
- ii) Interest Rate Policy would be uploaded and displayed on the website of the company.

Changes in the rates, including existing rebates thereon and charges would be communicated to the respective customers through e-mail or letter or SMS or any other means of communication in a transparent manner.

