

Muthoot Mercantile Limited

(A Unit of Muthoot Ninan Group)

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LOAN PRICING POLICY

The Muthoot Mercantile Limited, ("the Company") Systemically important Non Deposit taking Non-Banking Finance Company ("NBVC-ND) incorporated under Companies Act, 1956 and duly registered with the Reserve Bank of India.

This Policy was drafted within the scope of RBI "Master Direction – Non Banking Financial Company-Systemically Important Non-Deposit taking Company and (Reserve Bank) Directions, 2016" issued on Sep 1, 2016 and any amendments thereon.

Applicability of Pricing

The Board of Directors/Management of the company drawing power from the Board, for fixing ceiling on interest rate on Loan Schemes/Loan pricing shall be guided by this policy documents.

The Board of Directors shall have oversight for determining Interest Rate, Processing and other charges In order to ensure effective implementation of the Loan Pricing Policy, the Board may delegate the implementation of the Policy and its operational aspects to the Managing Director and/or Chairman or /ALCO.

The Policy covers:

Components of pricing applicable to gold loans

Ceiling on the interest rate and all other charges applicable to loans as per interest rate policy

Delegation of authority for pricing approval

Spread applicable for loans vary from time to time.

Components of Pricing for all loans

Interest charges under Various Gold Loan Schemes based on the following factors:

I. a) Cost of funds

The company borrows funds through various means encompassing bank loans, Debentures, Subordinated Debts, Other Loans, etc. The Cost of Funds shall denote the Borrowing Cost. Borrowing cost shall include all costs & expenses borne by the Company in relation to borrowing or arrangement of debt, including interest rate, processing fees, legal & other charges, documentation charges, listing expense, brokerage / commission /advisory / intermediation charges, liquidity management premium, prepayment of foreclosures incurred to replace high-cost debts, penal charges, taxes, etc. The expected cost of funds will be considered while determining the interest rate.

b) Operational Expenses

Operational expenses it covers employee Benefits and salaries, Rent, operations, fixed assets and infrastructure, technology, management and administration, sales, marketing & promotions, compliance costs, etc.

c) Risk premium

It covers all the risks that the company is exposed to, including but not limited to credit risks, operational risks, market risks etc. Change of price is circulated through circulars etc.

d) Scheme options:

Rate of Interest varies within schemes viz., EMI, Bullet payment, Monthly Interest payment scheme.

e) Tenure:

Shorter tenure carries relatively lower Rate of Interest.

Expected Profit Margin:

Ensures a reasonable profit margin for the organization to achieve steady growth and sustainable return to its stakeholders

II. Valuation of pledged Gold Loans:

- a) Market (IBJA) linked Rate/gm; Gold is appraised based on weight and purity. Rate per gram is fixed based on the average closing price of the gold of the specific purity over the preceding 30 days or closing price of the gold of the specific purity whichever is lower as published by IBJA
- b) Deductions: Lending is against net weight duly discounting stones, gems etc.

III. Other charges:

Processing fees: Charged based on quantum of loan (Rs.35/- to 100/-)

CIBIL charges: Cost of CIBIL report shall be paid by customer wherever applicable.

Penal Interest & Auction charges: Company charges penal interests if default occurs and auction charges as per gold loan policy shall be recovered from the sale proceeds.

2.Amendment:

The above policy has been approved in accordance with the applicable laws and rules or regulations of the Reserve Bank of India. Any regulatory amendment, contained in the governing act or any rules thereof shall have the effect of suomotu amendment of the policy. Further the policy may be amended from time to time by the Board of Directors of the Company.

For Muthoot Mercantile Limited

S/d

Mathew Mathaininan

Chairman & Whole-time Director

DIN: 00063078