

## **Interest Rate Fixation Policy**

The Interest Rate Fixation Policy has been amended and duly approved by the Board of Directors during the Board Meeting convened on 04.04.2024 at the Registered Office of the Company at Kozhencherry.

### **POLICY ON INTEREST RATE FIXATION**

The Company rigorously upholds this policy to establish interest rates across its diverse Loan Schemes. This process takes into meticulous account both market dynamics and regulatory directives outlined by the Reserve Bank of India or any other governing bodies.

#### **Key Components of Interest Rates**

Interest levied under various Loan Schemes comprises three fundamental elements:

##### **1. BASIC INTEREST RATE**

Basic Interest Rate represents the rate chargeable under every Gold Loan Scheme irrespective of the risk weight attached to the schemes or the type of scheme. Basic Interest shall be arrived at after considering the following aspects:

**Cost of Working Capital Funds:** This component represents the interest and other incidental charges payable by the Company for servicing the borrowed funds deployed by the Company.

Major contributing factor to this component includes interest payable on Secured Non-Convertible Debentures, Loans from Banks and other incidental charges thereto.

**Overhead Cost:** This represents the Employee cost to the Company and other operating & miscellaneous overheads.

**Return on Capital Employed:** After considering the above cost factors, the Board shall take into consideration a fair return on capital employed which is to be generated by the management for servicing the shareholders' capital employed in the business. Thus, the basic interest rate for the gold loan schemes shall be determined by considering the cost of working capital, overhead cost and fair return on capital employed.

##### **2. RISK PREMIUM:**

Determined based on factors such as:

- Loan-to-Value (LTV) ratio.
- Customer's repayment frequency.
- Company's risk perception considering geographical location and customer classification.

- Market conditions and competitive landscape.

### **3. REBATE IN INTEREST FOR GOLD LOAN:**

- The Company offers rebates to customers for prompt repayment of Gold Loans.
- Rebate details are transparently communicated to customers through the Pledge Form.

This comprehensive approach ensures fair and transparent interest rate determination, benefiting both the Company and its customers.