



MUTHOOT CAPITAL SERVICES LIMITED

CIN: L67120KL1994PLC007726

PERSONAL LOAN POLICY UNDER DIGITAL LENDING

This Policy was approved by the Board of Directors at the meeting held on 9th February 2023 and reviewed by the Board on 8th August 2023.

Version control:

Sl no	Name of the policy	Version	Board approval date	Remarks
1	Personal loan policy under digital lending	V1	09.02.2023	Norms of Personal loan policy under digital lending.
2	Personal loan policy under digital lending	V2	08.08.2023	Modification done in the Straight reject - One Score card Score

PREFACE

Muthoot Capital Services Limited (Company or MCSL), is a registered Deposit Taking Non-Banking Financial Company, predominantly into the business of vehicle financing (two-wheeler financing as well as used car financing).

This document lays down the policy of the Company and the guidelines to be adhered to while undertaking disbursement of Personal loans under digital lending.

Product Objective: To test the market and build experience around a personal loan product before development of complete product construct. The Personal Loan Pilot is carried out to an existing cohort of salaried borrower base of MCSL. The nature of the product shall be unsecured and can be used by customers for personal need.

Lending Service provider: To be approved by the Board.

Sr No	Parameters	Specifications
1	Product	Personal loan - Unsecured
2	End Use of Funds	Personal Use Customer declaration to be obtained for not utilizing the funds towards segments prohibited under the RBI guidelines.
3	Targeted customer	Salaried Customers
4	Age of Borrowers	Minimum Age - 21 Years (At time of loan application) Maximum Age - 58 Years (At the time of loan maturity)
5	Exposure Limit	Min facility amount - INR 25,000 Max facility Amount- INR 1,00,000
6	Facility Type and Tenor of the facility	EMI (Equated Monthly Instalment) - 12 months 12 months from date of activation of the facility
7	Facility Rate of Interest to customer	Risk based pricing grid Pricing to be approved by MD.
8	Acceptable Borrowers, Co-Borrowers & Guarantors	Salaried Profiles under: <ul style="list-style-type: none"> - CAT A/ B / C companies as per list decided from time to time (Annexure I attached) - Government Employees - Medical employees working in hospitals (not getting covered under CAT A/B/C) or are partnership firm
9	Negative Target Segments	Politically exposed persons & Profile as may be prescribed from time to time in MCSL Policy
10	Geographical Locations	MCSL location and approved from time to time
11	Acceptable Repayment Mode	<ul style="list-style-type: none"> - NACH Presentation shall be the standard mode - Direct payment via VA (Virtual Account) - NEFT / RTGS / UPI/ other acceptable online mode Cash / Cheque (at the time of recovery/collections)

12	Disbursement Checks	<ul style="list-style-type: none"> - Penny drop prior to disbursal for account confirmation - NACH registration should be taken from the account in which salary gets credited <p>Customer end use declaration to be in place that loan amount shall be used for purpose other than those prohibited under the RBI guidelines.</p>								
13	EMI date	<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Disbursement Period</th> <th style="text-align: left;">Due Date</th> </tr> </thead> <tbody> <tr> <td>Disbursement from 1st of the month to 10th of the month</td> <td>Next month 5th</td> </tr> <tr> <td>Disbursement from 11th of the month to 20th of the month</td> <td>Next month 10th</td> </tr> <tr> <td>Disbursement from 21st of the month to End of the month</td> <td>Next to Next month 5th</td> </tr> </tbody> </table>	Disbursement Period	Due Date	Disbursement from 1st of the month to 10 th of the month	Next month 5th	Disbursement from 11th of the month to 20 th of the month	Next month 10th	Disbursement from 21st of the month to End of the month	Next to Next month 5th
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14	Adherence to digital lending norms of Regulators	The process would be as per the regulatory guidelines issued by the regulators and digital lending policy of MCSL								

Credit Facility Documents

	Stage	Particulars	Any Amount
Credit Facility Documents	Credit Login	Application form	Yes
		KYC - Entity and Individual	Yes
		Bank Statements (Salary Account)	6 months
		Any additional documents during onward journey	Yes as per the credit norms requirements
	Limit Set Up	Sanction Letter cum Loan Agreement	E-sign Agreement *The agreement execution manner may be changed from time to time based on business requirement post approval under delegated authority.
		NACH	Yes
	Note	Prior to disbursement registered NACH is required. 1. Loan Agreement 2. Sanction Letter + LAF +Annexure to agreements as applicable 3. Nominee / Reference details should get captured at time of customer onboarding through LAF.	

Borrower Assessment Criteria:

Underwriting Norms	<ol style="list-style-type: none"> 1. Customer overall employment experience minimum 2 years and current company stability should be minimum 3 months. 2. Should not be part of High-Risk Profiles 3. Minimum Cibil score of 650 4. Minimum Net take home of 20K 5. Salary credit difference < =5 days 6. FOIR norms as mentioned under different income bucket should meet.
Straight Reject	<ul style="list-style-type: none"> • Age less than 21 or more than 58. (At the time of loan maturity) • Salary Criteria: less than 20000 pm • Minimum CIBIL Score: < 650 • Negative status codes in any tradeline as validated from CIBIL including MCSL loan track in the Last 24 Months • Customer in Risk bucket: F • One Score card Score <55

Loan Eligibility :

Loan amount offered is

1. Loan eligibility as per the FOIR (As per the FOIR grid given below)
2. Avg net salary X 5
3. Maximum loan amount CAP as per the policy

Whichever is less

FOIR Slab:(Existing and proposed EMI to be included to calculate FOIR)

Salary Slabs	Max FOIR
20-35k	40%
35K-50K	50%
50k-1L	60%
Above 1 L	75%

Risk Bucket	Definition
A	Score card score > =85 or Bureau > = 800
B	Score card score > =80 or Bureau > =750
C	Score card score > =75 or Bureau > =730
D	Score card score > =70 or Bureau > =700
E	Score card score > =55 and Bureau > =650
F	Reject Proposal

Score Card

Score	10	5	2
CIBIL Score	730 & above	680 to 729	650 to 679
Cross Sell Score - From CIBIL	> 60	30 to 60	0 to 30
No 30+ DPD in any of the loan	6 months	3 months	1 month
Banking (Last 6 months) - Salary account only(Average is 5 th , 15 th and 25 th balance)	Avg Bal more than 3 times of EMI	Avg Bal more than 2 times of EMI	Avg Bal more than 1 times of EMI
Overdue in any loan should not be more than	5000	10000	15000
Credit vintage any other than GL and Credit card	more than 1 years	6 to 12 months	less than 6 months
Company	A	B	C
Total Work Experience	More than 3 years	2-3 years	1-2 years
Current company job stability	>5 Months	3-5 Months	<3 Months
Salary credit difference in days in the 3 months	0 day	3 days	5 days

High-Risk Profiles:

List of the customer profiles attached as Annexure II

KYC and Bureau Requirement and checks:

- KYC as per the KYC policy of MCSL.
- If the existing TW track with MCSL is closed at time of customer onboarding for PL fresh KYC to be done
- If the existing TW track is live but older than 24 months at time of customer onboarding fresh KYC to be done
- Customer confirmation to be sought regarding no change in address along with address details in MCSL record to be displayed to the borrower in onboarding journey
- For customer KYC verification digital verification shall be conducted:
 - PAN shall be validated through NSDL
 - Aadhar shall be validated through OTP based offline verification
 - Other KYC shall be validated through digital online checks

Any deviation/modification in the policy can be approved by CEO/MD