



CONTINENTAL SECURITIES LIMITED

INTEREST RATE POLICY

The Board of Directors of the Company, while fixing interest rates on Gold Loan Schemes shall be guided by this policy document. In addition to cost factors set out hereunder, the Board shall also be guided by the market conditions and various rules and regulations, if any, prescribed by the Reserve Bank of India or such other competent authority from time to time.

Interest charged under various Gold Loan shall have the following components:

1. Basic Interest Rate
2. Risk Interest Rate
3. Penal Interest Rate

Basic Interest Rate

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

a) 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 Bank Borrowings and other incidental charges thereto.

b) Overhead Cost

This represents the Employee cost to the Company and other operating overheads.

c) 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 owners capital employed in the business. Minimum margin ranging from 8% - 12% shall be the norm for this.

Thus the basic interest rate for the gold loans shall be determined by considering the cost of working capital, overhead cost and fair return on capital employed.

Risk Interest Rate

Risk Interest shall be determined by taking into account the degree of risk involved in loans. While the rate shall be the lowest for the loans where advance amount vis-à-vis the weight of gold is the lowest, it shall be increased for loans offering higher advance amount for the same weight. Further, irrespective of the loans, the risk interest shall also be determined after taking into account the period of the loan as the incidence of risk goes up with the passage of time.

Other Charges

In addition to the interest on the loan, the Company may collect the following charges, the quantum of which shall be as decided by the board from time to time.

1. Processing Charges
2. Documentation Charges
3. Any other charges as decided by the Board

Service Charges

For loans, nominal Service Charges will be collected whenever a customer avails a gold loan from the Company.