

Muthoot Microfin Limited – Responsible Lending & Collection Policy

Purpose

Responsible lending and ethical collection practices are fundamental to sustainable microfinance and long-term customer trust. Inappropriate lending, inadequate assessment of repayment capacity, or coercive collection practices can adversely impact customers and undermine financial inclusion objectives.

The purpose of this Policy is to establish a guiding framework for responsible lending and fair, dignified collection practices at Muthoot Microfin Limited (“MML” or “the Company”), in line with regulatory expectations, industry standards, and the Company’s commitment to customer protection.

Preamble

Muthoot Microfin Limited, the microfinance arm of the Muthoot Pappachan Group, provides financial services primarily to women borrowers from low-income and underserved segments. The Company recognises that access to credit must be supported by prudent underwriting, transparent communication, and respectful recovery practices.

This Responsible Lending & Collection Policy is aligned with MML’s Fair Practices Code, Grievance Redressal Policy, Financial Literacy & Awareness Policy, and applicable RBI and industry guidelines. The Policy aims to embed responsible conduct across the lending lifecycle while allowing flexibility for practical implementation.

Scope

This Policy applies to:

- All lending products and services offered by MML
- Employees, field staff, and officers involved in credit appraisal, disbursement, and collections
- Third-party agencies or service providers engaged for collection activities, where applicable

The Policy is applicable across all operational geographies of the Company.

Policy Statement

MML shall endeavour to conduct its lending and collection activities in a responsible, transparent, and customer-centric manner, with due regard to the borrower’s repayment capacity, dignity, and financial well-being.

The Company shall integrate responsible lending and fair collection practices into its existing operational processes, **wherever feasible**, without creating additional mandatory obligations beyond applicable laws, regulations, and internal policies.

Key Principles

MML's responsible lending and collection practices shall be guided by the following principles:

- **Customer Centricity:** Lending decisions and collection practices shall respect the dignity and rights of customers
- **Transparency:** Loan terms, pricing, and obligations shall be communicated clearly
- **Prudence:** Lending shall be based on reasonable assessment of repayment capacity
- **Fairness:** Collection practices shall be ethical, respectful, and non-coercive
- **Accountability:** Employees and partners shall act in accordance with the Company's codes and policies

Responsible Lending Practices

Wherever lending activities are undertaken, MML may endeavour to:

- Assess customer repayment capacity based on income, household cash flows, and existing obligations
- Avoid encouraging multiple or excessive borrowings beyond reasonable repayment ability
- Ensure clear communication of loan amount, tenure, interest rate, instalment amount, and repayment frequency
- Provide customers adequate opportunity to understand loan terms before disbursement
- Adhere to applicable RBI, SROs, and internal underwriting guidelines

Responsible Collection Practices

MML is committed to ethical and respectful collection practices. Wherever collection activities are undertaken, the Company may endeavour to ensure that:

- Collections are carried out in a courteous, professional, and non-intimidating manner
- No coercive, abusive, or threatening behaviour is used at any stage
- Customer interactions are conducted at reasonable times and locations
- Customer circumstances are considered, particularly in cases of genuine hardship, natural calamities, or unforeseen events
- Recovery efforts are aligned with applicable regulatory and industry guidelines

Engagement of Third Parties

Where third-party agencies or service providers are engaged for collection activities, MML may, as appropriate:

- Communicate the Company's expectations on ethical conduct and customer protection
- Require adherence to applicable laws, regulations, and Company policies
- Monitor performance and conduct through internal review mechanisms

Customer Communication & Awareness

This Policy shall be read in conjunction with the Company's Financial Literacy & Awareness Policy. Whenever customer engagement or awareness programmes are undertaken, MML may, as appropriate, reinforce information relating to responsible borrowing, repayment obligations, and available support or grievance redressal mechanisms.

Linkage with Fair Practices Code and Grievance Redressal Mechanism

This Policy shall be read in conjunction with the Company's Fair Practices Code and Grievance Redressal Policy. Customers shall have access to established grievance redressal channels to raise concerns relating to lending or collection practices. Any communication under this Policy does not create additional obligations beyond those already provided under the Company's existing policies and regulatory framework.

Roles & Responsibilities

- **Board of Directors:** Overall oversight of responsible lending and collection practices
- **Senior Management:** Ensuring alignment of operations with this Policy
- **Operations & Credit Teams:** Implementation of responsible lending and collection practices at branch and field levels
- **Compliance/Risk Function:** Monitoring alignment with regulatory and policy requirements

Monitoring & Review

The Company may, as part of its internal review processes:

- Review lending and collection practices periodically
- Consider observations from audits, customer feedback, and grievance trends
- Identify areas for continuous improvement, where required

Review of Policy

The Board will review this Policy periodically or as required to ensure that it remains consistent with the Board's objectives and responsibilities.

Amendment of this Policy

The Board of Directors of the Company has the right to amend or modify this Policy from time to time, based on regulatory changes, business requirements, or internal assessments.

Document Version	: 1.0
Approval Date	: 9 th February 2026
Last Review Date	: N/A
Review Frequency	: Annually
Prepared by	: ESG Officer
Approved by	: Board of Directors

Disclaimer: This document is private and confidential and has been prepared solely for internal use by the Board of Directors and/or management and staff of Muthoot Microfin Limited and must not be disclosed to any third party without the written approval of the Human Resource Department. Muthoot Pappachan Group, its agents and advisors accept no responsibility, liability or duty of care to any third party for any matters, observations or conclusions which are stated or implied in this document.