Fair Practices Code of Wizzmoni Financial Services Ltd

The Company, among other things, sanctions/disburses loans for various purposes to those who comply with its requirements.

Applications for Loans

The Company shall prescribe proforma of application for loans. The application shall be in a Vernacular Language or the language as understood by the borrower and shall contain the essential details of the applicant which includes:

- Name and Address of the Applicant.
- Amount of Loan required.
- Purpose for which loan is required.
- Period of Loan
- List of documents to be submitted to avail the loan if sanctioned
- Collateral Security details
- Declaration

Acknowledgement of Application

The Company shall acknowledge receipt of application(s) for Loan duly signed by its authorized official over the company's seal/stamp indicating therein the approximate number of days required for processing of the application.

Necessary information affecting the interests of the borrower, which will enable him to take an informed decision by comparing the terms and conditions with that of other similar NBFCs, shall also be provided with a validity of at least 3 days.

Processing of Applications

All applications shall be duly processed by the authorized officials of the Company within 07 days from the date of receipt thereof.

Loan appraisal and terms/conditions

Where an application for loan is rejected, the company may inform the applicant giving the reasons thereof
In all other cases and on sanction of the loan, the same shall be conveyed in writing by way of a sanction letter in the vernacular language or in the language as understood by the borrower along with a copy of all enclosures giving details as under:

- Amount of Loan sanctioned
- Period of Loan
- Annualised Rate of Interest.
- Processing charges.
- Method of application/calculation of interest i. e. whether it's on constant balance or reducing balance etc.

- Penal charges for delayed payment of instalment. (In Bold letters) Charges for pre-payment of loan if any.
- Mutual 'Terms Conditions' that regulates the Loan transaction to be executed by the borrower.
- Terms Conditions' shall also disclose details regarding sale by auction procedure

Subject to receipt of all the requisite information and completion of documentation, loan applications shall be disposed of in a normal course on the same day of receipt of the application complete in all respects. However, if there is any delay in sanctioning the loan beyond the period of one day due to reasons like field verification / Contact Point Verification etc, customer shall be given an acknowledgement for receipt of the application indicating the time frame within which the loan application will be disposed of.

Internal guidelines on Interest and Charges

Interest

The rate of interest of the company at which it lends varies according to the cost of funds, margin ,risk premium etc. Depending on the risk involved the rate of interest also varies as per the period for which the loan is availed by the borrower. The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the Company or published in the relevant newspapers. The information published in the website or otherwise published will be updated whenever there is a change in the rates of interest. In determining the interest rate, the Company has formed internal committee and it meets periodically to analyze the situation and fix the interest rate in consonance with the prevalent market conditions. In determining the interest rates the Company will follow the appropriate internal principles and procedures confirming to normal financial practice.

Risk Interest shall be determined by considering the degree of risk involved in loans under each loan scheme

The rate of interest and the approach for gradation of risk and rationale for charging different rates of interest to a different category of customers is based on the details/attributes of the loan scheme vis-a-vis Loan to Value (LTV), tenure of the loan, Weight of the gold and the amount of the loan extended. Since a higher LTV (loan per gram) translates to a higher risk interest rate and LTV will be correlated the interest rate applicable will vary from time to time and will be mentioned against the specific operative schemes/loan products. The interest rate goes up depending upon the periodicity of servicing the interest. Interest servicing within 30 days of disbursal is priced lowest compared to 90 days and so on.

Rebate in interest rate shall be provided to encourage timely repayment of interest or closure of the loans on or before the specified tenor as per different slabs built into each schemes.

Processing charges

Loan processing charge will be minimum of Rs.100/- and the maximum of 2% of loan amount whichever is higher. It can be charged according to the discretion of loan sanctioning authority. Any change in the interest rate/charges will be informed to the borrower by written notice in the language understood by the Borrower and explicit consent shall be taken.

Penal Charges in loan accounts

- Penalty, for non-compliance of material terms and conditions of Loan Terms and conditions by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the

advances. Company shall not do capitalization of penal charges i.e., no further interest computed on such charges.

- The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category. The quantum and reason for penal charges shall be clearly disclosed by Company to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on Company's website under Interest rates and Service Charges.

- Penal charges applicable to 'individual borrowers, for the purpose other than businesses' shall not be higher than the Penal charges applicable to non- individual borrowers for similar non-compliance of material terms and conditions

- Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, Company shall communicate the applicable penal charges to the Customers. Further, any instance of levy of penal charges and the reason therefor shall also be communicated to Borrowers.

Establishment of Ownership of Security

If the gold jewellery pledged by a borrower is more than 20 gms (at any one time or cumulatively) the Company shall collect the gold jewellery bill from the customer to prove the ownership of the security. If the customer is not able to provide such bill and the loan sanctioning authority is not suspicious about the ownership of the security, a declaration from the customer is sufficient to prove the ownership.

Disbursement of loans including changes in terms and conditions

- The Company shall, upon receipt of all documents for disbursement of loan and the same being in order, disburse the amount of loan either by way of cash or account transfer. Loans above Rs.20000/- shall be disbursed only through bank account.

- The Company shall value the pledged gold ornaments by taking into account the preceding Thirty (30) days average of the closing price of 22 carat gold or previous day closing rate whichever is lower as per the rate quoted by the The Indian Bullion and Jewellers Association Ltd.(IBJA) or historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission. The Company shall value the gold in terms of 22 carat purity. If the purity of the provided gold is less than 22 carats, the same will be converted in terms of 22 carats for calculating the rate per gram and the loan amount in any case shall not exceed 85% of the pledged gold value.
- The Company shall acknowledge receipt of documents/collateral securities and undertake to keep them in its safe custody till such time the loan amount together with the interest thereof is repaid.
- 'Terms Conditions' that regulates the Loan transaction among other things, shall contain the amount of loan, period of loan, rate of interest, penalty for pre-payment of loan (in bold letters), penal charges for delayed payment of interest, provision regarding the changes in the rates/interest, conditions for recalling the loan, sale by auction procedure, provision regarding additional security etc. A copy of the same will be provided to the borrower in vernacular language or language as understood by the borrower along with receipt.

- Besides collateral security, the Company may also insist upon guarantees such as Personal guarantees acceptable to the Company, guarantees issued by banks etc. The cost of obtaining and furnishing such guarantees shall be to the borrower's account.
- Stamp Duty, Registration Charges, other taxes/levies, if any, applicable for registration of the loan documents regulating the loan transaction shall be borne by the borrower.
- Decision to recall/accelerate the payment or performance during the loan period shall be in consonance with the Terms Conditions and should be with prior intimation to borrower and acceptance of the same by the borrower should be kept on records.
- The Company shall give notice to the borrower, in the vernacular language as understood by the borrower of any change in the Terms Conditions' including disbursement schedule, interest rates, service charges, prepayment charges etc, and get explicit consent for the same. Company shall also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard is incorporated in the Terms Conditions'.
- On request of the borrower, the Company shall furnish a statement of account relating to the borrower account as on 31st March of each year or at such intervals as the borrower may require for purposes such as income-tax etc.
- The Company shall release all securities held by it as collateral against the loan only on repayment of dues completely or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim of the company against borrower. The Company shall exercise its right of set off with due notice to the borrower giving full particulars about the remaining claims and the conditions under which the company is entitled to retain the securities till the relevant claim is settled/paid.
- The company shall build a repossession clause in the agreement in the case of repossession of vehicles which will be legally enforceable. The terms and conditions for repossession of vehicles contains (a) notice period before taking possession; b) circumstances under which the notice period can be waived; (c) the procedure for taking possession of the security; (d) a provision regarding final chance to be given to the borrower for repayment of loan before sale/auction of the property; (e) the procedure for giving repossession to the borrower and (f) the procedure for sale/auction of the property. The company shall provide a copy of the terms and conditions to the borrowers.
- In case of receipt of request from the borrower for transfer of borrower account, the consent or otherwise i.e., objection of the company, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- As a measure of customer protection and also in order to bring in uniformity with regard to prepayment of various loans. The Company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co- obligant(s).

Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans

- At the time of sanction of EMI based floating rate personal loans, Company shall take into account below points:
  - The repayment capacity of Borrowers
  - Margin is available for elongation of tenor
  - Whether Borrower has the capacity of repayment in the scenario of increase in interest rate during the tenor etc.
- Company had put in place an appropriate policy framework meeting the following requirements for implementation and compliance to ensure that proper communication is given to Borrower in case increase in EMI amount and consent is taken from Borrower regarding increase in EMI:

- At the time of sanction, Company shall clearly communicate to the borrowers about the possible impact of change in interest rate on the loan leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/ tenor or both shall be communicated to the borrower immediately through appropriate channels and at the time of reset of interest rates, Company shall provide the option to the borrowers to switch over to a fixed rate as per their Board approved policy which shall include the number of times in which such switchings can be done. Company shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.
- The Borrowers shall also be given the choice to opt for (i) enhancement in EMI or elongation of tenor or for a combination of both options; and, (ii) to prepay, either in part or in full, at any point during the tenor of the loan. Levy of foreclosure charges/ pre-payment penalty shall be subject to extant instructions.
- All applicable charges for switching of loans from floating to fixed rate and any other service charges/ administrative costs incidental to the exercise of the above options shall be transparently disclosed in the sanction letter and also at the time of revision of such charges/ costs by the Company from time to time.

- Company shall share / make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest / Annual Percentage Rate (APR) for the entire tenor of the loan. The NBFCs shall ensure that the statements are simple and easily understood by the borrower.

Gold Loan Policy/manual

The Company shall put in place Board approved Gold Loan Policy/manual for lending against gold that should inter alia, cover the following

- Adequate steps to ensure that the KYC Guidelines stipulated by RBI from time to time are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan.
- Proper assaying procedure for the jewellery received.
- Internal systems to satisfy the ownership of the jewellery.
- Adequate systems for storing the jewellery in safe custody, reviewing the systems on an on-going basis, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. As a policy, loans against the collateral of gold will not be extended by branches that do not have appropriate facility for storage of jewellery.
- The jewellery accepted as collateral shall be properly insured.

Procedure for sale/auction

- The Board approved policy with regard to sale by auction of jewellery in case of non repayment shall be transparent and adequate prior notice to the borrower should be given before the auction date.
- A detailed auction procedure shall also be approved by the Board. This is to ensure that there is no conflict of interest and that there is arms length relationship in all transactions during the auction including that of group companies and related entities.
- The Sale by auction shall be announced to public by issue of advertisements in atleast two newspapers, one in vernacular language and another in national daily newspaper.
- The auction shall be conducted in the same town or taluka in which the lending branch is located.

- While auctioning the gold, Company shall declare a reserve price for the pledged ornaments. The Reserve price for the pledged ornaments shall not be less that 85% of the previous 30 day average closing price of 22 carat gold as declared by The Bombay Bullion Association Ltd. (BBA) or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission.
- As a policy, Company itself shall not participate in the auctions held.
- Gold pledged will auctioned only through the auctioneers approved by the board.
- The policy shall also cover systems and procedures put in place for dealing with fraud including separation of duties of mobilization, execution and approval.

General

- The company shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions. The Company, however, reserves its right to interfere in the affairs of the borrower if some new information, not earlier disclosed by the borrower, comes to the notice of the company.
- In the matter of recovery of loans, the Company shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The staff shall be trained to deal with the customers in an appropriate manner.

Customer grievance redressal mechanism (CGRM)

- The company shall maintain appropriate grievance redressal mechanism within the organization to resolve any disputes arising with regard to loans and advances. When the borrower has a grievance and wishes to raise the grievance, the borrower may visit the Branch and submit the complaint to the Branch Head/ Assistant Branch Head during the business hours of the Branch (such branch from where the borrower availed the loan). Borrowers can also submit their grievances through Phone/mail. (Our helpline no: is 1800 1020 555, our help line e-mail id is customercare@unimoniindia.com) The borrower shall furnish the following information so as to enable the Company to deal with the compliant in the most effective manner:

    - Borrower's name and address;
    - Borrower's Contact Phone Number and/or E Mail Address; ➢ Loan transaction No.
    - Details of the complaint
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- Branch Head will forward the grievance to his Regional Head and finally the grievance will reach the Head of the Loan Department of the Company. This mechanism shall ensure that disputes arising out of the decisions of sanctioning authorities of the Company are heard and disposed of at the next higher level. The Company will make every effort to resolve the borrower's complaint
- The next higher level of the sanctioning authority shall conduct periodical review of compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by it.
- In addition to the above mentioned procedure, the Company shall display at conspicuous place in all branches, the name and contact details (Telephone/Mobile number and E mail id) of a Grievance Redressal Officer who can also be approached by the Customer for the resolution of any complaints against the Company. The Grievance Redressal Officer is Ms Smitha Biju, Mobile: 98473 37156; email: customercare@unimoniindia.com
- All complaints will be attended in not less than one month's period, failing which the customer may appeal to the Regional Office of DNBS of RBI, Bangalore (the contact details will be displayed at all branches).

Review of Code

This Code may be amended, modified or supplemented from time to time. The Code shall be reviewed every year by board of directors of company or whenever there is a significant change in law governing the subject matter of the Code.

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