

## Unimoni Financial Services Limited

### Fair Practices Code

#### Loans

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

#### **(1) 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:

- (a) Name & Address of the Applicant.
- (b) Amount of Loan required.
- (c) Purpose for which loan is required.
- (d) Period of Loan
- (e) List of documents to be submitted to avail the loan if sanctioned
- (f) Collateral Security details
- (g) Declaration.

#### **(2) 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.

#### **(3) 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.



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#### (4) Loan appraisal and terms/conditions.

1. 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:

- (a) Amount of Loan sanctioned
- (b) Period of Loan
- (c) Annualised Rate of Interest.
- (d) Processing charges.
- (e) Method of application/calculation of interest i. e. whether it's on constant balance or reducing balance etc.
- (f) Penalty for delayed payment of installment. ( In Bold letters)
- (g) Charges for pre-payment of loan.
- (h) Mutual 'Terms & Conditions' that regulates the Loan transaction (preferably in vernacular language) & to be executed by the borrower.
- (i) Terms & Conditions' shall also disclose details regarding sale by auction procedure

#### 5. Internal guidelines on Interest and Processing charges

##### a. Rate of Interest

The rate of interest of the company at which it lends varies according to the cost of funds, margin and risk premium etc and determine the rate of interest to be charged for loans and advances. 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 rate of interest so levied at higher rate over the base rate charged by the company is to recover the Insurance charges/Safe keeping/Risk Charges.

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.

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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 conforming to normal financial practice.

#### b. Processing charges

Loan processing charge will be minimum of Rs.100/- and the maximum of 1% of loan amount which ever 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.

#### (6) 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.

#### (7) Disbursement of loans including changes in terms and conditions

(a) 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 RTGS transfer for all loans below one lakh. High value loans of one lakh and above shall only be disbursed only by cheque.

(b) 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 as per the rate quoted by the The Bombay Bullion Association Ltd. (BBA) 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 75% of the pledged gold value.

(c) 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.

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(d) 'Terms & Conditions' that regulates the Loan transaction among other things, shall contain the amount of loan, period of loan, rate of interest, penalty for prepayment 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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. 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'.

(i) The Company shall furnish a statement of account relating to the borrowal account as on 31st March of each year or at such intervals as the borrower may require for purposes such as income-tax etc.

(j) 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.



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(k) 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.

## **8. 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

- a. 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.
- b. Proper assaying procedure for the jewellery received.
- c. Internal systems to satisfy the ownership of the jewellery.
- d. 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.
- e. The jewellery accepted as collateral shall be properly insured.



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## 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. 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.
- b. 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.
- c. The auction shall be conducted in the same town or taluka in which the lending branch is located.
- d. 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 than 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.
- e. As a policy, Company itself shall not participate in the auctions held.
- f. Gold pledged will auctioned only through the auctioneers approved by the board.
- g. The policy shall also cover systems and procedures put in place for dealing with fraud including separation of duties of mobilization, execution and approval.

## **9. General**

(a) 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.

(b) 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.



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(c)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 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 102 3555 and our help line e-mail id is [customercare.india@unimoni.com](mailto:customercare.india@unimoni.com)).The borrower shall furnish the following information so as to enable the Company to deal with the complaint in the most effective manner:

- a) Borrower's name and address;
- b) Borrower's Contact Phone Number and/or E Mail Address;
- c) Loan transaction No.
- c) Details of the complaint

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

(d)The next higher level of the sanctioning authority shall conduct periodical review of compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by it.

(e) 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 Mr. M C Rajesh, Phone: 484 3048179; email: [customercare.india@unimoni.com](mailto:customercare.india@unimoni.com).

(f) 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).

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