
MONEDO FINANCIAL SERVICES PVT. LTD.

FAIR PRACTICES CODE

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Background

Monedo Financial Services Private Limited (“Monedo”) is registered as a Non- Systemically Important Non-Deposit Taking non-banking financial company (“NBFC”) with the Reserve Bank of India (“RBI”). Based on the broad guidelines issued by the RBI to NBFCs on ‘fair practices code’ in the Master Circular issued by the RBI vide Circular No. RBI/2015-16/DNBR(PD) CC.No.054/03.10.119/2015-16 dated July 01, 2015, Monedo has formulated this Fair Practices Code (“Code”).

Objective of the Code

This Code sets the minimum fair practice standards to be followed by all the employees and representatives of Monedo while dealing with its customers and borrowers. The Code also provides information to customers/borrowers and details the manner in which Monedo and its employees and representatives are expected to deal with customers and borrowers on a day to day basis. The primary objectives of the Code are as follows:

- Ensure fair practices while dealing with customers;
- Provide greater transparency in all transactions, thereby enabling customers to have a clear understanding of the products and services (including the terms and conditions of such products and services) offered by Monedo and make informed decisions; and
- Build customer confidence in Monedo.

Application of the Code

This Code shall apply to all the employees of Monedo and such other persons authorized to represent Monedo in respect of the all categories of products and services offered by Monedo.

Applications for loans and their processing

- Monedo shall ensure that all communication to the customers shall be in the vernacular language, or a language as understood by the customer.
- The loan application form and annexure thereto shall include necessary information which affects the interest of the customer to facilitate the customer to compare similar terms and conditions offered by other NBFCs, thus enabling the borrower to take an informed decision based on the aforesaid comparison. In addition to the loan application form, details regarding products and services offered by Monedo shall be specified on Monedo’s website.
- The customer shall be informed of the documents required to be submitted along with the application form.
- Monedo shall provide an acknowledgment to customers by way of an electronic message upon the successful grant of a loan application.

Loan appraisal and terms/conditions

- Monedo shall convey to the borrower in writing, either in the vernacular language or a language as understood by the borrower, by way of a sanction letter and through the loan agreement, the amount of limit sanctioned along with all the terms and conditions including

annualized rate of interest and method of application. Monedo shall maintain a record of the borrower's acceptance of these terms and conditions.

- Monedo shall specify the penal interest chargeable for late repayment, if any, in the sanction letter and in the loan agreement executed with the borrower in bold.
- At the time of sanction and/or disbursement of the loan amount, Monedo shall furnish a copy of loan agreement along with all enclosures quoted in the loan agreement to the borrower through the registered email address provided by the borrower in the loan application form.

Disbursement of loans including changes in terms and conditions

- In the event of any change in the terms and conditions of the loan (including disbursement schedule, interest rates, service charges, prepayment charges etc.), Monedo shall give notice to the borrower in the vernacular language, or a language as understood by the borrower regarding such change. Such change shall be communicated to the borrower through the registered email address provided by the borrower in the loan application form.
- All changes in the interest rates and charges shall be affected only prospectively and communicated to the borrower.
- Monedo shall ensure that any decision to recall and/or accelerate payment or performance shall at all times be in consonance with the terms and conditions of the loan agreement executed with the borrower.
- Monedo shall release all securities of a borrower only upon repayment of all dues by such borrower, or upon realization of the outstanding amount of the borrower's availed loan, subject to any legitimate right or lien for any other claim which Monedo may have against its borrower. If such right of set off is to be exercised, the borrower will be given notice (through the registered email address provided by the borrower in the loan application form) about the same with full particulars about the remaining claims and conditions under which Monedo shall be entitled to retain the securities till the relevant claim is settled or paid by the borrower.
- Monedo shall issue a 'no-objection certificate' to the borrower upon the repayment of all sums arising under loan agreement/closure of the loan and upon the completion of all related formalities thereunder.

General

- Monedo shall refrain from interference in the affairs of its borrower except for the purposes provided in the terms and conditions of the loan agreement executed with such borrower or in compliance with applicable law. Monedo shall not be required to comply with such requirement in the event that new information, not earlier disclosed by the borrower has come to the notice of Monedo or unless in accordance with the agreement in writing between Monedo and the borrower or in compliance with a legal obligation.
- In case of receipt of request from the borrower for transfer of loan account, the consent or otherwise i.e. objection of Monedo, if any, shall be conveyed to such borrower within 21 (twenty one) days from the date of receipt of the borrower's request. Such transfer will be as per transparent contractual terms in consonance with all the applicable laws.
- In the matter of recovery of outstanding dues of its borrower, Monedo shall not resort to undue harassment viz. persistently bothering the borrowers at odd/late hours or behaving rudely or aggressively, or use of muscle power for recovery of loans etc. Monedo shall take necessary steps to ensure that its employees and other representatives are adequately trained to deal with customers/borrowers in an appropriate manner.

Interest Rate and Other Charges

- Monedo shall devise appropriate internal principles and procedures for determining interest rates and processing and other relevant charges.
- Interest rates and other relevant charges applied to the customer/borrower shall be based on internal credit scoring done by Monedo.
- Monedo shall adopt an annualized interest rate model considering relevant factors such as cost of funds, margin and risk premium etc. and determine the rate of interest to be charged for the products/services extended to the customers/borrowers. The rate of interest and approach for gradation of risk and rationale for charging interest rate shall be made available through the Monedo's interest rate policy, which will be available on Monedo's website.
- Monedo shall ensure that the rate of interest is annualized so that the customer/borrower is aware of the exact rates that would be charged to his/her account (refer RBI Guideline on Digital Lending RBI/2022-23/111 DOR.CRE.REC.66/21.07.001/2022-23 dated September 02, 2022).

Grievance Redressal Mechanism

- In the present competitive environment, Monedo acknowledges that excellent customer service is an important tool for sustained business growth. At Monedo, customer service and satisfaction are the prime focus and the aim is to provide prompt and efficient service is essential not only to attract new customers, but also to retain existing ones. To make Monedo's grievance redressal mechanism more meaningful and effective, a structured system has been put in place. This system will ensure that the redressal sought is just and fair and is in accordance with the applicable laws.

The board of directors of Monedo shall periodically review the compliance of this Code and the functioning of the grievance's redressal mechanism at various levels of management.

Monedo shall ensure that following details are prominently displayed at its place of business and on its website.

- Procedure for receiving and addressing complaints and suggestions.
- Name, address, contact number and e-mail address of Grievance Redressal Officer, who can be approached for redressal of the complaint, along with the details of the officer-in-charge of the Regional Office of Department of Non-Banking Supervision of RBI under whose jurisdiction the registered office of Monedo falls.
- Time frame for resolving customer complaints together with escalation matrix for escalating the complaint in case the complaint is not resolved to the satisfaction of the customer/borrower within the specified time period. In any event, that customer/borrower may file an appeal with the officer-in-charge of the Regional Office of India, Department of Non-Banking Supervision of RBI under whose jurisdiction the registered office of Monedo falls if the complaint/dispute is not redressed within a period of 1 (one) month.

Changes to the Code

- Any amendments or change in this Code shall be uploaded on Monedo's website from time to time.