

KOGTA FINANCIAL (INDIA) LIMITED

FAIR PRACTICES CODE

Version History		
Document Owner : Rahul Agrawal		
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1. Introduction

Kogta Financial (India) Limited ('the Company') is a Non-Banking Financial Company ('NBFC') having valid Certificate of Registration with Reserve Bank of India ('RBI') vide registration no. B.10.00086 dated May 27, 2016 under current RBI classification as NBFC - Investment and Credit Company (NBFC-ICC) – Non Deposit taking Systemically Important ('ICC-ND-SI') with more than 20 years of experience in asset finance business.

It is focused on offering financing of all kind of commercial vehicles (HCV, LCV, MUV, SCV), Cars, Tractors, Two-wheelers and MSME & Loan against property segment.

2. About the Code

The code is applicable on all the services, rendered by the company from all its operating/service locations covering its every single establishment. The officials and authorized signatories of the company are required to follow the code meticulously, irrespective of the place and location as well as the medium through which they render services. The company has adopted a revised Fair Practices Code and will implement this Code in the organization, which has duly been approved by the Board of Directors in their meeting.

3. Regulatory Requirement

The Reserve Bank of India has issued its extant guideline in respect of Fair Practice code, to be followed by an NBFC, by defining and setting standards, which are expected to comply with, while dealing with its existing or prospective customers, vide master circular. **DNBR (PD) CC. No. 054/03.10.119/2015-16** dated July 01, 2015 and Master Direction-Non-Banking Financial Company-Systematically Important Non-Deposit taking Company (Reserve Bank) Direction, 2016 as amended from time to time. These guidelines are issued under section 45 L of Reserve Bank of India Act, 1934.

The Company has put in place the best practices to be followed while operating (which has been set out forth in this document) and implemented a "Fair Practice Code".

4. Objectives of the Code

Our Company Declares and undertakes that the primary objectives of the Code are as follows:

- a) To provide and promote professional, efficient, diligent and speedy services in the matter of Asset Financing.
- b) Not to discriminate any borrower on the basis of religion, caste or sex.
- c) To be fair & honest in advertisement and marketing of loan products.
- d) To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities regarding loan transactions and to promote cordial relationship between customer & company.
- e) To attempt in good faith to resolve any disputes or differences with customers by setting up complaint resolution process within the organizations.
- f) To comply with all the regulatory requirements in good faith.

5. Applications for loans and their processing

- 5.1** A prospective customer shall be given all the necessary information, in a vernacular language or a language as understood by customer, adequately explaining the range of loan products available with our Company to suit his needs.
- 5.2** On exercise of choice, the customer shall be given the relevant information about the loan product of his choice. All information about the fees/charges, if any payable for processing, the amount of such fees refundable in the case of non-acceptance of application, pre-payment options and any other matter which affects the interests of the borrower shall be prescribed in the Application Form. This information will enable the applicants to have a meaningful comparison with similar provisions of other companies and thereafter to take an informed decision.
- 5.3** The customer would be explained the processes involved till sanction and disbursement of loan and would be notified of timeframe within which all the processes will be completed ordinarily in our Company.
- 5.4** Customer would be informed of the names and phone numbers of the persons whom he can contact for the purpose of loan to suit his needs.
- 5.5** The Company has a system of giving acknowledgement for receipt of all loan applications indicating the time frame within which the applications will be disposed of.

6. Loan appraisal and terms/conditions

- 6.1** The Company shall make proper and prompt assessment of all Loan applications.
- 6.2** The Company shall conduct a due diligence on the credit worthiness of the applicants. Mere offering of Hypothecation on Asset will not be the sole consideration for sanctioning loans.
- 6.3** When sanctioned, the company shall convey to the applicant the details of Loan amount, interest rates, penal interest for late payment, repayment schedule, terms & conditions for loan and other charges in Loan Agreement in writing to the borrower in the vernacular language or any other language as understood by the borrower by means of sanction letter or otherwise.
- 6.4** The company shall furnish a copy of the loan agreement to the borrower.

7. Disbursement of loans including changes in terms and conditions

- 7.1** The Company will ensure timely disbursement of loan sanctioned in conformity with the terms & conditions. The Company will give notice to the borrower of any change in the terms & conditions including disbursement schedule, interest rates, service charges, prepayment charges and any other charges. Further, the changes in interest rates and charges shall be affected only prospectively, and the conditions in this regard will be incorporated in the Loan Agreement.
- 7.2** If the company decides to recall/accelerate payment or performance under the agreement or to seek additional securities, it shall give notice to borrowers, as specified in the loan agreement or a reasonable period, if no such condition exists in the loan agreement.

- 7.3** The Company shall carry out post disbursement supervision of all the credit facilities sanctioned by it to ensure that the funds extended by it are safe and are deployed as per the terms of sanctions.
- 7.4** The company shall release all securities on repayment of all dues or realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim it may have against borrowers. If such right to set off is exercised, borrowers shall be given notice about the same with full particulars about the remaining claims and the documents under which the company is entitled to retain the securities till the relevant claim is settled/paid.

8. General

- 8.1** The company will not interfere in the affairs of the borrower except for the purposes provided in the terms and conditions of sanction of the loan (unless new information, not earlier disclosed by the borrower, has come to the notice of the lender).
- 8.2** In case of receipt of request for transfer of borrower account, either from the borrower or from another lender, which proposes intends to take over the account, the consent or otherwise i.e. objection of the Company, if any, depending on case to case basis, shall be conveyed to the customer and the other lender within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- 8.3** In the matter of recovery of loans, the company will not resort to harassment VIZ persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The company shall ensure about the adequate training of staff to deal with the customer in an appropriate manner.

9. Grievance Redressal Cell

- 9.1** The Company will always make effort to redress the complaints of the customers at the earliest and in the best possible way and provide the customer with our best services. The Branch Manager will act as a first point contact for the customer wherein he can make his complaint in writing.
- 9.2** In the event of non-disposal of complaint by the designated Branch manager, the same will escalate to the Grievance Redressal Officer, who would take steps to resolve the same expeditiously.
- 9.3** Mr. Rahul Agrawal, Company Secretary and Compliance Officer of the Company is designated as the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company at the following address: -

Mr. Rahul Agrawal
S-1, Gopal Bari, Near Ajmer Pulia,
Opp. Metro Pillar No. 143, Jaipur-302001, Rajasthan
Mail ID: rahul.agrawal@kogta.in
Contact No.: +91 141 – 6767067

- 9.4** If the complaint / dispute is not redressed or remains unresolved within a period of one month by the Grievance Redressal Officer, the customer may appeal to the Officer-in-Charge of the Regional Office of DBS of RBI at following address:

The General Manager, Reserve Bank of India,

Department of Supervision
Post Bag No. 12, Rambagh Circle
Tonk Road, Jaipur - 302 004, Rajasthan

9.5 The Board of Directors makes periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management.

10. Pricing Determination Policy/ Excessive Interest Rate Policy

The Board has adopted an interest rate model/Pricing determination policy taking into account relevant factors such as cost of funds, margin, risk premium, customer profile, underlying security etc. and determines the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers is disclosed to the borrower and rate of interest is communicated explicitly in the welcome/sanction letter. Risk gradation is: -

10.1 determined based on the risk associated with customer profile products, type of loans, value of collateral available, tenor, quantum of loan etc.;

10.2 The rate of interest mentioned are annualized rates so that the borrower is aware of the exact rates that would be charged to the account. The same is mentioned on the sanction letter/welcome letter also.

11. Details regarding repossession of vehicles

Loan agreements have a built in re-possession clause with the borrower which is legally enforceable. The terms and conditions of the contract/loan agreement shall contain provisions regarding:

- 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 the sale / auction of the property;
- e) the procedure for giving repossession to the borrower and
- f) the procedure for sale / auction of the property.

12. Review

The Company's CEO, CFO and COO have been entrusted with the responsibility of enforcement of this policy. They are hereby given absolute power to jointly or severally, make necessary changes, amendments or additions or removals for the operational aspects of the policy within the overall spirit and guidance from time to time for reasons like technology or process upgradation, regulatory changes, maintaining competitive edge or responding to changes in market or risk environment, etc. This is required to ensure full operational freedom to the senior management and make the management team more adaptive to rapid changing external environment. All changes so made shall be noted to the policy approving authority during the next policy review.

The CEO, CFO and COO can decide on delegation of authority and can design / redesign MIS systems and reporting as they see fit to improve the responsibility and accountability within the team hierarchy.