

# **FAIR PRACTICES CODE POLICY**

VERSION CONTROL

Version	Creation / Updation Date	Effective Date	Description of the Version
1.0	18 June 2018	20June 2018	New document
2.0	15July2021	19July2021	Revised document

Kashi Capital Private Limited (herein under referred to as “Kashi Capital”) is committed to adopt fair practices in all facets of its operations in its mission to facilitate the democratization of financial services amongst rural/semiurban and urban MSME entrepreneurs. We want to facilitate the resurgence of entrepreneurship amongst people operating in remote areas of the country who operate either unregistered or registered businesses. Kashi Capital recognizes that its customer focused operations entail open and clear communications with not only the target markets, but also with all its stakeholders. Therefore, it is imperative that a code of practices, which for convenience sake, shall be called fair practices code (“FPC”) with the regulatory compliance objective at the basic level and customer delight as a strategic objective, be adopted. From a regulatory compliance perspective the Fair Practice Code of Kashi Capital Private Limited is made pursuant to the guidelines of the Reserve Bank of India vide its Master Circular no. RBI/2015-16/16 DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 01, 2015.

The fair practices code, which is a commitment to our customers, shall be as follows:-

**A. Applications for loans and their processing**

1. Kashi capital understands that communication is the key for achieving its mission of ensuring resurgence of entrepreneurship. In its verbal communications with its clientele, Kashi Capital shall communicate in Hindi in the Hindi speaking states of the country or sometimes in English (only if the client desires). Currently, the focus of Kashi Capital is on specific districts of Hindi speaking states, where Hindi is the pre-eminent language with its various dialects. Hence the communication will be addressed in Hindi unless the customer requires it in English.
  - (a) It shall be the endeavour of Kashi Capital to provide written communications in Hindi/English, the field staff shall communicate, as far as practicable, in local dialect (i.e. Hindi) and/or English.
  - (b) As the area of operations extend into other States, where different languages are in vogue, Kashi Capital shall endeavour to provide the communications in the local language or a language understood by the customer, as appropriate.
  - (c) The legal documentation shall generally be in Hindi. In situations where a borrower doesn’t understand Hindi – the company shall endeavor to explain the contents in English on request.
  - (d) All communications shall be in font size 9 or more for better reading and legibility.
  - (e) Loan application constitutes the primary data provided by the customer in consideration of the credit request. Kashi Capital recognises the importance of the breadth, depth and truth in the information provided, forms the basis of credit decision.
  
2. Kashi capital shall:-
  - (a) Adopt a transparent information collection process from its clientele.
  - (b) Require the customer to provide information on his/her indebtedness to ensure that the customer does not get overburdened with debt.
  - (c) Provide general product features on the company website.
  - (d) Explain the salient product features to the prospective customer through its field staff and ensure that they are well understood.
  - (e) Collect the required information in compliance with the Know Your Customer (KYC) under the RBI's directive on the subject, offering the customers the choice of providing an identity proof and an address proof through any one of the following:

Identity Proof		Address Proof
1	Aadhar Card	Aadhar Card
2	PAN Card	PAN Card
3	Voter Identity Card	Voter Identity Card
4	Ration Card	Ration Card

5	Photo Identity issued by a Government Authority	Photo Identity issued by a Government Authority
6	Driving License	Utility Bill not later than -2- months old

- (f) Indicate the required documents for consideration of loan application, which will generally include:
- i. Details of the business that is proposed to be financed (registered or unregistered)
  - ii. If it is a unregistered business – understanding of the monthly income and expenses by asking for their kuccha / pucca bills that are available with the applicant
  - iii. Latest returns and assessments of Income and GST if it is a registered business, as may be applicable;
  - iv. Audited/Provisional Financial statements of a recent date and in the case of a fresh credit application, last -3- years audited financial statements, as may be applicable and if any, available;
  - v. Details of guarantors and their financial status;
  - vi. Details of the machinery and other equipment, in case of investment loans;
  - vii. Details of immovable properties proposed to be mortgaged, if any;
  - viii. Project cost estimates and revenue generation estimates in the form of Cost and Sources of Project Finance, projected profitability estimates and estimated cash flows in case of investment finance applications;
  - ix. Extracts of bank account statements for the past -6- months in case of existing businesses / individual borrowers;
  - x. List of references / competitors / suppliers;
  - xi. Copies of applicable business licenses, if any.
  - xii. GST Certificate or other licenses, that are required by law
- (g) Any other information required for obtaining credit opinion from other existing bankers or other third parties, if any, of the prospective borrower.
3. Kashi Capital endeavours to provide a credit decision typically within -14- working days after submission of complete information, by evaluating the credit proposal on receipt of the application. We will provide an acknowledgment of receipt on all completed loan applications. During the credit evaluation process our field officers or head office staff shall be in constant touch with the customer for any clarifications either through phone or through personal contact.
  4. The applicant shall be provided a timeframe to refute inconsistencies, in this process, if any.

#### **B. Loan appraisal and terms/conditions**

5. Kashi Capital recognizes the applicant's right to critical information to facilitate a clear understanding the impact of the loan approval/modification/rejection by the applicant. Towards this end, Kashi Capital shall Issue to the prospective customer, a Sanction Letter, containing, inter alia,
  - (a) Loan Amount;
  - (b) Nature of facility;
  - (c) Margin, if any, required to be provided by the applicant;
  - (d) Duration of Credit;
  - (e) Purpose for which the credit can be used;
  - (f) Frequency and Mode of Disbursement of Credit;

- (g) Conditions Precedent, if any, for availing the credit facility;
  - (h) Documentation Requirements for availing the credit facility;
  - (i) Security for the facility and the manner of charging the security;
  - (j) Validity period of Sanction Letter;
  - (k) The nature and interest rate payable, frequency and manner of charging and the circumstances under which and the quantum of penal interest will be levied for delayed payments;
  - (l) Moratorium period , if any
  - (m) Fees and charges, if any
  - (n) Other relevant terms and conditions.
6. The Sanction Letter shall be duly signed and acknowledged by the applicant and Kashi Capital officials will explain its terms and conditions to the loan applicant in details;
7. Kashi Capital's values include Customer Centricity, Empathy and Fairness. Translating these into our business practices, Kashi Capital will endeavour to:
- i. Explain the procedure for charging of interest and levy of charges;
  - ii. Explain to the executants the substance of the documentation;
  - iii. Sanction Letter will also include the details of all scheduled payments; and
  - iv. The loan documentation shall be in the vernacular language (i.e. Hindi).

**C. Disbursement of loans including changes in terms and conditions**

8. Kashi Capital will :
- (a) Send periodic notices regarding changes if any, to terms and conditions including interest rates, disbursement schedule, service charges, prepayment charges that may be occasioned due to the external reasons;
  - (b) Any accelerated repayment schedule changes arising out of delayed repayments shall be indicated in the loan documentation appropriately;
  - (c) Explain the implications of such acceleration clause for the borrower;
  - (d) The conditions under which the loan may be recalled or the repayment acceleration is effective shall be incorporated in the Loan documentation.
9. Kashi Capital will:
- (a) Release all securities on repayment of its dues within reasonable time after closure of the loan account;
  - (b) Where the securities are kept as collateral to secure other loans/commitments, either under a lien or set-off, the retention against the continuing claim/debt will be advised to the borrower. Normally these will be included in the loan documentation and explained to the borrower at the time of execution of documents;
  - (c) Advise the borrower within a week of receipt of his application for release of securities for which third party clearance/consent, if any, required and the procedure for such release.

#### **D. General**

10. Kashi Capital's endeavour to ensure resurgence of MSME entrepreneurship, entails its role as a catalyst between the supply and demand factors the MSME value chain. Towards this end, it will :
  - (a) Not interfere in general financial or other decisions of the borrower; except for the purposes provided in the terms and conditions of the loan agreement (when new information, not earlier disclosed by the borrower has come to the notice of the company)
  - (b) Keep transparent communication channels open to borrower to seek assistance, if required;
11. Kashi capital's value of customer centricity envisages transparent policies aimed at customer satisfaction. In the unlikely event of the borrower requiring transfer of his borrowal accounts, Kashi Capital will:
  - (a) convey its objections, if any, within 15 days and consent, if any within 21 days.
  - (b) Provide the borrower with the details of transfer and charges, if any, as applicable for such transfer as indicated in the loan agreements.
12. As required by guidelines of the Reserve Bank of India vide its Master Circular no. RBI/2015-16/16 DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 01, 2015 Kashi Capital has adopted an Interest Rate Policy taking into account relevant factors such as cost of funds, risk premium, margin etc. to determine the rate of interest to be charged for loans. The Interest Rate Policy also covers the approach for gradation of risk and its rationale.
13. Kashi Capital's mission of resurgence of MSME Entrepreneurship in the country entails interactions with its customers that are nurturing in nature. The slogan of "wisely nurturing growth" is formed from this value that Kashi Capital shall adopt in all its dealings, including the loan recovery aspects. In this context, Kashi capital will:
  - i. Encourage the adoption of prevention of default over follow-up after default - the Customer centricity exemplifies this approach.
  - ii. Generally adopt an empathic approach in recovering its dues by training its employees in requisite skills;
  - iii. Where necessary, employ outsourced services providers for recovery with sufficient safeguards to prevent harassment to customers in recovering its dues;
  - iv. In accordance with RBI guidelines, Kashi Capital will not charge foreclosure charges where floating interest loans are availed by the borrowers

#### **E. Grievance Redressal**

14. Kashi Capital has a Grievance Redressal Mechanism to deal with the customer complaints. The details of this mechanism is attached in a separate Grievance Redressal policy.
15. These main points of Grievance Redressal Mechanism shall also be prominently displayed within the premises of the branches and administrative Office and will be made available at the website of the Company, [www.kashicapital.com](http://www.kashicapital.com).