



Fair Practices Code

v7.0

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Fair Practices Code

1. Preamble

Kinara Capital is a pioneering Fintech NBFC providing fast and flexible collateral free loans to small business entrepreneurs, thus driving Financial Inclusion of the underserved MSME sector in India. Kinara Capital provides loans in the range of INR 1-30 lakhs for Working Capital and Asset Purchase needs. Kinara Capital is addressing the missing link between microfinance and commercial capital in the MSME sector. The funds for such loans are borrowed from banks and other financial institutions for on-lending to potential borrowers.

Introduction Pursuant to Reserve Bank of India (RBI)'s Master Circular **DNBR (PD) CC.No.054/03.10.119/2015-16** on fair practice code of 01 July 2015, issued to Non-Banking Financial Companies (NBFCs), the Board of Directors have adopted a Fair Practices Code for Kinara Capital Private Limited (Formerly Known as Visage Holdings and Finance Private Limited ("Company").

2. Introduction

The Reserve Bank vide its circular dated September 28, 2006, issued guidelines on Fair Practices Code (FPC) for all NBFCs to be adopted by them while doing lending business. The guidelines, inter alia, covered general principles on adequate disclosures on the terms and conditions of a loan and also adopting a non-coercive recovery method. The same was revised in view of the recent developments and the rapid growth in NBFCs.

3. Objective

The main business of Kinara Capital Private Limited (Formerly Known as Visage Holdings and Finance Private Limited) is extending loans to individuals / small business entrepreneurs for setting up their businesses or to improve their existing businesses. The objective of the code is primarily to ensure fair and transparent transactions with all our customers. This will also facilitate the customers to have a better understanding about the products and the various charges levied by the Company.

The below mentioned Fair Practices Code shall be followed by the Company. The main objectives of the code are:

- Promotion of Fair Practices by setting minimum standards for customer relationships;
- Increased transparency so that the customer fully comprehends what he/she can reasonably expect of the Company's services;
- Encouragement of Market forces, through competition, to achieve higher operating standards;
- Promotion of a Fair and Cordial Relationship between customer and the Company; and
- Fostering confidence in the customers

4. Key Considerations

The Fair Practices Code, as adopted herein below, is in conformity with the Guidelines on Fair Practices Code for NBFCs as contained in the aforementioned RBI Circular.

5. Fair Practices Code

The Company's business will be conducted in accordance with prevailing statutory and regulatory requirements, with due focus on efficiency, customer orientation and corporate governance principles. In addition, the Company will adhere to the Fair Practices Code in its functioning.

6. Policy / Process / Guidelines & Process Flow

The key elements are as follows:

a) Applications for Loans and their Processing

- All communications to the borrower shall be in the vernacular language or a language as understood by the borrower
- Loan application forms shall include necessary information, which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and the borrower can make an informed decision. The loan application form may also indicate the documents required to be submitted with the application form.
- Acknowledgement for receipt of all loan applications is given digitally.
- The Company would verify the loan applications within a reasonable period of time.
- The Company would inform the application the reasons for rejection of his / her application.

b) Loan Appraisal and Terms/Conditions

The Company shall convey in writing to the borrower in the vernacular language or a language understood by the borrower, by means of approval letter or otherwise, the amount of loan approved along with the terms and conditions, including the annualized rate of interest and method of application thereof. Additionally, any penal interest to be charged will be clearly highlighted in writing to the borrower. The Company will keep the acceptance of all these terms and conditions by the borrower in the Company's files.

c) Disbursement of Loans including Changes in Terms and Conditions

The Company shall give notice to all its borrowers in the vernacular language or a language understood by the borrower of any change in the terms and conditions – including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company shall also ensure that changes in interest rates and charges are affected only prospectively. A suitable provision in this regard shall be incorporated in the loan agreement.

Decision to recall / accelerate payment or performance under the agreement shall also be in consonance with the loan agreement.

The Company shall release all securities on repayment of its full dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim, the Company may have against its borrowers. If such right of set off is to be exercised, the borrower shall be given notice about the same with 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.

d) General

- The Company shall refrain from interference in the affairs of the borrower except for the purposes provided for in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company).
- Any changes to the loan terms and conditions, post the disbursal of the loan, will be duly communicated to the Borrower(s). Further, all the changes will be effective only on a prospective basis.
- The Company will publish salient features of all loan products in its website.
- The rates of interest and the approach for gradation of risks shall be made available on the website of the company. The information published in the website shall be updated whenever there is a change in the rates of interest.
- The Company will store loan papers/property documents at centralized locations (fire proof environment).
- The Company will not discriminate on grounds of sex, caste and religion in the matter of lending.
- The officers of the company shall be duly trained to act appropriately in all their dealings with the customers, both prior and post the sanction of the loan.
- In case of receipt of request from the borrower for transfer of borrowed account, the consent or otherwise i.e. objection of the Company, if any – shall be conveyed to the borrower within 21 days from the date of receipt of any request. Such transfer shall be as per transparent contractual terms in consonance with law.
- In the matter of recovery of loans, consistent with its policy, the Company shall not resort to any harassment – such as persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. However, the company will not be precluded from taking necessary legal or other collection related activities on the Borrower(s) in the event of a delay or default in payment of dues by the Borrower(s).
- The Company shall deal quickly and proactively will rectify things that go wrong by:
 - Correcting mistakes quickly;
 - Attending to customer complaints quickly as per the Customer Grievance Redressal Mechanism laid out by the Company;
 - Telling our customers how to take their complaint forward if the customers are still not satisfied with our assistance;
 - Reversing any charges that we apply due to our mistake.

e) Responsibility of Board of Directors

The Board of Directors of Company should also lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism should ensure that all disputes arising out of the decisions of company's functionaries are heard and disposed of at least at the next higher level. The Board of Directors shall provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by it.

f) Grievance Redressal Officer

The Company shall display at their branches / places where business is transacted:

- the name and contact details of the Grievance Redressal Officer
- If the complaint / dispute is not redressed within a period of one month, the customer may escalate the complaint as per paragraph (L) hereinbelow and in the event the complainant is not satisfied with the resolution, the customer may appeal to the Officer-in-Charge of the Regional Office of Department of Supervision (NBFCs) of RBI under whose jurisdiction the registered office of the company falls or to the NBFC Ombudsman appointed by RBI for the purpose

g) Language and mode of communicating Fair Practice Code

Fair Practices Code shall be (which should preferably in the vernacular language or a language as understood by the borrower) based on the guidelines outlined hereinabove should be put in place by all NBFCs with the approval of their Boards within one month from the date of issue of this circular. NBFCs will have the freedom of drafting the Fair Practices Code, enhancing the scope of the guidelines but in no way sacrificing the spirit underlying the above guidelines. The same should be put up on their web-site, if any, for the information of various stakeholders.

h) Wide Dissemination and Periodic Review

The Company shall put the above Fair Practices Code outlined hereinabove on its website, for the information of various stakeholders.

The Company will also review and refine the Code, as may be required periodically based on its own experience and fresh guidelines, if, any, to be issued by the RBI in this regard.

i) Complaints about excessive interest charged by the Company

The Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges if any, and also to ensure that they are not excessive even though the interest rates and other charges are not regulated by Reserve Bank.

j) Regulation of excessive interest charged by the Company

The Company shall adopt an 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 loans and advances.

The rate of interest and the approach for gradations of risk, viz. the financial strength, business, regulatory environment affecting the business, competition, past history of the borrower, etc. and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

The rates of interest and the approach for gradation of risks shall also be made available on the website of the company or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest. The rate of interest should be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.

k) Clarification regarding repossession of hypothecated assets financed by the Company

The Company shall have a built-in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable. The Company shall ensure that the entire process of enforcing its security, valuation and realization thereof be fair and transparent. The Company shall also ensure that the staff is adequately trained to deal with the customers in an appropriate manner.

To ensure transparency, the terms and conditions of the contract/loan agreement should also contain provisions regarding:

- (a) The notice period before taking possession;
- (b) The 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.

A copy of such terms and conditions shall be made available to the borrowers in terms of circular wherein it was stated that the Company may invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans, which may form a key component of such contracts/loan agreements.

l) Customer Complaints & Grievances

Kinara Capital has a robust Grievance Redressal Mechanism. In order to effectively address customer grievances, Kinara Capital has introduced multiple channels of communication as described below. A customer can raise a complaint or express their dissatisfaction of the company service by any method listed below:

1. Walk in to their service hub, and speak to the Hub Manager.
2. Call the toll-free customer care number 1800-103-2683 and speak to our customer care agent.
3. Email us the customer issues at help@kinaracapital.com
4. Raise a complaint on our website - www.kinaracapital.com/contact-us/

5. Send letters or notices to the registered office:

Registered Office Address:

The Customer Care Officer
Kinara Capital,
No. 50, Second Floor, 100 Feet Road, HAL
2nd Stage (Defence Colony),
Indiranagar, Bengaluru, Karnataka 560038

After waiting for a reasonable time, if the customer feels that his issue is still not addressed or resolved to his satisfaction he / she may escalate the issue as per the company escalation Matrix.

Customer Grievance Escalation Matrix			
Level	Name of the Officer	Contact Details	Designation
Level 1	Narendra Laxman Pakhare	Phone No: 6364464958 Email: managercustomercare@kinaracapital.com	Manager-Customer Care
Level 2	Riji K	Phone No: 6364464957 Email: headcustomercare@kinaracapital.com	Head - Customer Care; Principal Nodal Officer
Level 3	Thirunavukkarasu R	Phone No: 6364464955 Email: chiefnodalofficer@kinaracapital.com	Chief Operating Officer & Director of the Board

5th Level Escalation: In rarest of the scenarios where the customer is not happy with the response provided by the 4th level escalation, and if the issue is not resolved within 1 month of submission, the customer can write to the NBFC Ombudsman, details as provided below:

Sl. No.	Centre	Address of the Office of NBFC Ombudsman	Area of Operation
1	Chennai	C/o Reserve Bank of India Fort Glacis, Chennai 600 001 STD Code: 044 Telephone No: 25395964 Fax No: 25395488 Email: ms.nbfcochennai@rbi.org.in	Tamil Nadu, Andaman and Nicobar Islands, Karnataka, Andhra Pradesh, Telangana, Kerala, Union Territory of Lakshadweep and Union Territory of Puducherry
2	Mumbai	C/o Reserve Bank of India RBI Byculla Office Building Opp. Mumbai Central Railway Station Byculla, Mumbai-400008 STD Code: 022 Telephone No :2300 1280 Fax No: 23022024 Email: ms.nbfcomumbai@rbi.org.in	Maharashtra, Goa, Gujarat, Madhya Pradesh, Chhattisgarh, Union Territories of Dadra and Nagar Haveli, Daman and Diu