



South India Finvest Pvt Ltd

making a difference

(Incorporated under the company act 1956)

CIN : U65910 KA 1998 PTC 023290

## FAIR PRACTICE CODE

### PREAMBLE

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non- Banking Financial Companies (NBFCs) vide Reserve Bank of India (“RBI”) Master Direction no. DNBR (PD) 007/03.10.119/2016-17 dated September 01, 2016 (updated on December 29, 2022) thereby setting standards for fair business and corporate practices while dealing with their customers. This Fair Practice Code is aimed to provide to all the stake holders, especially customers effective overview of practices followed by the company in respect of the financial facilities and services offered by the company to its customers.

South India Finvest Private Limited. (“the Company”) hereby furnishes the Fair Practices Code (“the FPC”) based on the guidelines issued by RBI. The Company shall also make appropriate modifications in the FPC from time to time to confirm the standards that may be prescribed by RBI. The Fair Practices Code, as adopted herein below, is in conformity with the Guidelines on Fair Practices Code for NBFCs as contained in the aforesaid RBI Circulars.

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.

This policy will be applicable to all the offices of the company including Head office and the branches located at various places in India. All the officers and employees of the company shall also be bound by this policy.

### 1.Introduction

South India Finvest Private Limited has been extending Microfinance loans through JLG model to group of 4 or more members possibly engaged in the same level of business activities and follow group guarantee concept. It also extends consumer loans for buying consumer durable products at attractive price with convenience of home delivery of product and easy instalments. Company also planned to extends individual loans for business expansion, home improvements, education, and purchase of vehicle. The company is governed by balanced team of learned, experienced practitioners and professionals. To bring total transparency in the working of the Company the following ‘Code of Fair Practices’ are recommended to be adopted by the Board.

### 2.Loan Applications and processing:

1. The Company shall communicate with all its members/ borrowers in the respective local / official languages of the states concerned or in a language as understood by the borrower.
2. The Company shall collect all necessary documents from borrowers to comply with KYC norms of Reserve Bank of India (RBI).
3. The minimum, maximum and average interest rates to be charged on MFI loans shall be prominently displayed on Company’s website, all its branch premises and in other literature issued by the Company.

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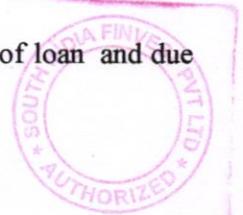
4. The loan application shall contain list of documents required for availing the loan.
5. The loan card issued to the borrower shall contain all relevant details specified by RBI, from time to time.
6. The Company shall provide a fact sheet containing all necessary details of the loan product along with pricing related information and the fee charged to the borrower.
7. The Company shall record and acknowledge all loan applications received in the CMR books maintained at the Branch on the day of Disbursement.
8. The Company shall dispose off all the loan applications within 3 weeks from the date of loan application.
9. The details of dedicated mechanism for redressal of recovery related grievances of customers shall be provided to the borrower at the time of loan disbursal.

### **3.Loan Appraisal and terms/conditions**

1. The Company shall train and equip all our Branch manager/CRO conduct proper income assessment and due diligence to understand the repayment capacity of the household.
2. The Company shall obtain credit bureau report for all loan applications to get details of the existing loan repayment obligations of the household/borrower/co-borrower. The Company shall make informed decision on sanction of loans to borrowers based on credit bureau report.
3. The Loan amount sanctioned along with the detailed terms and conditions shall be communicated to borrower by means of a sanction letter / loan card with specific details in the language understood by the borrower and keep the acceptance of these terms and conditions by the borrower on record at the branches.

### **4.The Loan agreement shall contain the following details:**

1. The interest rate to be charged, method of application thereof, the processing fee charged and the insurance premium applicable for member.
2. The Company shall always adopt interest rate model as per the Pricing Policy considering relevant factors such as cost of funds, margin and risk premium, etc., duly approved by the Board. The Company shall disclose minimum, maximum and average rates of interest for different set of products through formal communications, display in all offices/branch premises, Company's website and other literature issued by the Company. The Company shall communicate the rate of interest explicitly in the sanction letter / loan card.
3. The Company shall not levy any pre-payment charges for Group lending borrowers and shall not stipulate any Security Deposit/ Margin.
4. The Company shall provide a minimum moratorium of one instalment between the grant of loan and due date of the first instalment.



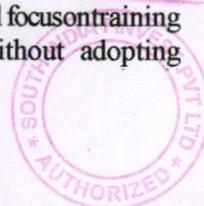
5. The Company shall assure the privacy of borrower's data except for sharing the same with all Industry Associations, Credit Bureau, Lenders to the company and any statutory/regulatory/rating agencies.
6. The Company shall declare its accountability for any inappropriate staff behavior and timely Grievance Redressal of the borrowers. Grievance redressal channels shall be available on the loan cards issued to the borrowers, as well as displayed at all branches of the Company.
7. The Company shall give options of repayment frequency to all its customers to choose between weekly, biweekly, or monthly depending on their cash flow.
8. In addition to the loan sanction letter and passbook / loan card, a copy of the Loan agreement shall be made available to the borrowers.

### **5. Disbursement of Loans**

1. The Company shall serve notice to borrowers in local language of any change/s in terms and conditions including disbursement schedule, interest rates, service charges, etc. The Company shall also effect such changes only prospectively.
2. The Company shall organize all sanctioning from Head office and disbursement of loans to happen at the branch location and more than one official shall be involved in this function. The Company shall have close supervision of the disbursement function by its senior officials and monitoring teams through 100% Verification thro teams.
3. The Company shall issue loan card containing following information in the language understood by the borrower for MFI Loans:
  - i. Borrower's identity and the relevant information.
  - ii. Simplified fact sheet on pricing as recommended by RBI.
  - iii. Details of non-credit products wherever applicable and obtain consent of the borrowers.
  - iv. Salient terms and conditions of the loan.
  - v. Acknowledgements by the Company for the repayments by borrowers including installments received and final discharge.
  - vi. Grievance Redressal System including the Toll-free number, e-mail id and name of the nodal officer apart from Branch address and telephone number of the branch.

### **6. Non-Coercive Methods of Recovery**

1. The Company shall collect all its recoveries at the central designated place namely Centre Meetings which is decided mutually by borrowers and the Company. Only in case the borrower fails to attend Centre Meeting on 2 or more successive occasions, the Company's field staff shall visit the place of residence or place of work of the borrower for recovery.
2. The Company shall ensure that a uniform systems and procedure approved by the Board as a policy in the matter of staff recruitment, training and supervision is in place. The Company's policy shall focus on training field staff through training programs to inculcate appropriate behavior towards borrowers without adopting any abusive or coercive debt collection / recovery practices.



3. The Company shall have a policy of appraisal of field staff, where the compliance of code of conduct and customer satisfaction shall be one of the parameters for appropriate compensation.
4. The Company shall initiate necessary disciplinary action against staff who abuses any of the items under Code of conduct.
5. The Company shall not engage/outsource any recovery agents for recovery.

## **7. General**

- i. The Company shall refrain from interference in the affairs of the borrower/ member except for the purposes provided in the terms and conditions of the loan agreement, unless the borrower/member declared/ disclosed earlier false information which comes to the notice of Company on a later date.
- ii. The Company shall oblige the request for transfer of borrower account, the consent or otherwise i.e., objection of the Company, if any, and shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- iii. The Company shall not resort to undue harassment viz., persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc.
- iv. The Company shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner,
- v. The Company shall lay down effective Grievance Redressal Mechanism by way of installing complaint boxes in all its offices, arrange for the Toll-Free Number and designate a senior level officer as Grievance Redressal Officer.
- vi. The Company shall display its Fair Practices Code in local languages in all its offices/branch premises and upload the same on its website.

The Company's field staff shall not call on the borrowers for overdue recovery before 9 am and after 6 pm and shall not visit their residence or workplace on days of festival, marriage or any mourning occasions, for the purpose of recovery.

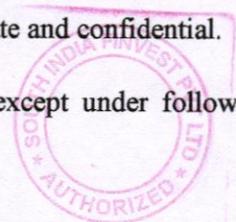
## **8. Responsibility of Board of Directors Compliance to fair practices code and grievance redressal system**

- i. Board of company shall lay down appropriate grievance redressal mechanism within the organisation and such mechanism shall ensure that all disputes arising out of the decisions of lending institutions functions are heard and disposed of at least at the next level.
- ii. Board shall provide periodic review of the compliance of the Fair Practice code and functioning of the grievances redressal mechanism at various levels of management.
- iii. The Company shall incorporate verification and checks for compliance of all the practices through the specific designated officials in the hierarchy and through effective internal audit/ periodical inspections.
- iv. Board of Director shall ensure to submit an annual report to its Board on review of compliance to Fair Practices Code and functioning of grievance redressal system at various levels of management.

## **9. Confidentiality**

Unless authorized by the borrower, the Company will treat all his personal information as private and confidential.

The Company may not reveal transaction details of the borrowers to any other persons except under following circumstances:



- i. If the Company is required to provide the information to any statutory or regulatory body or bodies;
- ii. If arising out of a duty to the public to reveal the information;
- iii. If it is in the interest of the borrowers to provide such information (e.g. fraud prevention);
- iv. If the borrower has authorised the Company to provide such information to its group / associate / entities or companies or any such person/ entity as specifically agreed upon;

## **10.Complaints**

The borrower/applicant may report his/her complaint/grievance in writing to the concerned branch head from where he/she availed the loan or applied for the loan. The concerned employees shall guide the borrowers who wish to lodge a complaint.

On receipt of such complaint/grievance, the head of the Branch shall immediately take up the matter for redressal. The Customers are requested to provide feedback, suggestion on the services of the company to the Nodal Officer.

## **11.Grievance Redressal Mechanism**

The Company has a three level Grievances Addressal Mechanism as given below.

### **Level 1**

The customer may register his/ her query/ complaint to the company which shall be addressed to the Grievance Redressal in connection with any matter pertaining to business practices, lending decisions, credit management, recovery and complaints relating to updation/ alteration of credit information. The details of the Grievance Redressal Officer are given as follows:

Name of the Grievance Redressal Officer	S.Ganesh Nodal Officer
Corporate office address	3/490 , 1 <sup>st</sup> Floor Pudhunagar,MTP Road , Annur ,Coimbatore 641653
Contact details	95855 10143
E-mail ID	collectionmonitoring@sifinvest.com

### **Level 2**

If the complaint is not resolved within 15 working days, the customer shall complaint to the Managing Director of the company at his email id: [senthil@sifinvest.com](mailto:senthil@sifinvest.com)

### **Level 3**

If the complaint / dispute are not redressed within a period of 1 month from date of its receipt, the customer may appeal to:

General Manager  
Reserve Bank of India,  
Department of Non Banking Supervision,  
Fort Glacis, Rajaji Salai, Chennai – 600 001  
Tel. No. 044 – 2539 3406, Fax No. 044 -2539 3797  
E-mail id: [dnbschennai@rbi.org.in](mailto:dnbschennai@rbi.org.in)



a) Mandatory display requirements

The company has the following in all the branches/ places where the business of the company is transacted for the benefit of the borrowers:

- i. Appropriate arrangement for receiving complaints and suggestions;
- ii. Display of name, address and contact number of the Grievance Redressal Officer.

b) Points to complied along with the redressal process thereof:

- i. In case of complaints received, the concerned branch head shall provide an acknowledgment in the same working day, and would report the matter with full details, within 2 working days from date of receipt, to the Secretarial department.
- ii. The Secretarial department comprises of Company Secretary/ Compliance Officer of the company, who shall take all necessary steps to redress and resolve the grievance.
- iii. Any unresolved/ not replied grievance in the level 1 within 5 days of its receipt, shall be escalated to the Company Secretary/ Compliance Officer of the company, who shall take all necessary steps to redress and resolve the grievance, and will send a response as soon as possible and in any case not later than a maximum period of 15 working days of its receipt with the branch.
- iv. Grievances/ Complaints that require extraordinary time for examination of issues involved will be acknowledged promptly.
- v. If the unresolved / not replied grievance is not resolved by the Company Secretary within 15 working days of its receipt, the same shall be escalated to the Managing Director of the company.
- vi. The Status Report on all complaints shall be placed before the Board of Directors for their review on a quarterly basis by the Company Secretary.

**12.Implementation, Effect and Review**

All necessary steps shall be taken by the Board of Directors to implement this Fair Practice Code at all the offices/ branches/ places where the business of the company is transacted.

The Board shall have periodical review of the Fair Practice Code, compliance of Fair Practice Code and the functioning of the Grievance redressal mechanism.

For and on behalf of Board of Directors of South India Finvest Private Limited



V.Senthil Kumar  
Managing Director  
Date :01/02/2023