



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 disbursement.

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

1. The Company shall train and equip all our Branch manager/CRO to 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.

