

Fair Practices Code

I Scope and Objective :

- (1) As an Institution mandated to facilitate and participate in infrastructure development and a provider of financial services, IL&FS deals primarily with state agencies, other financial institutions and medium and large corporates. IL&FS also provides certain credit products, which are suitable for individuals and relatively smaller entities which may possess limited understanding of financial products. This Code is intended to provide assurance to all such clients of the Company's commitment to fair dealing and transparency in its businesses irrespective of the financial sophistication of the client

- (2) This Code seeks to ensure that :
 - (a) Clients are advised of the key terms and conditions of services provided for their consideration prior to commitment of a transaction

 - (b) Monitoring and administration of client accounts is carried out in a fair and transparent manner consistent with the terms and conditions of the facility provided

 - (c) Recovery and enforcement, where necessary, is conducted following due process of law

II Application and Processing of Loans :

- (1) A loan application form shall be provided to clients for all standardised products offered by the Company. The same shall :
 - (a) Mention applicable terms and conditions
 - (b) Provide a schedule of all supporting documentation required to enable processing of the application
 - (c) All communications to the borrower shall be in English language with an option to choose a vernacular language
- (2) Additional information and support documentation may occasionally be found necessary in course of processing a client application. The need for such information and documentation shall, in all such cases, be explained to the client and reasonable time provided for submission of the same
- (3) An acknowledgement shall be provided for all applications received. The Company shall adopt an internal time frame for processing all loan applications. The time frame within which an application will be processed shall be mentioned on the acknowledgement

III Loan Appraisal Terms/Conditions :

- (1) Offer letter shall be in English language with an option to choose a vernacular language and include all the terms and conditions of the loan including annualised rate of interest and method of application (viz monthly, quarterly, advance/arrears etc)
- (2) Acceptance of these terms and conditions by the borrower shall be kept on record
- (3) Penal interest charged for late repayment shall be mentioned in bold in the Offer letter

IV Disbursement of Loans Including Changes in Terms and Conditions :

- (1) Change in interest rate and other commercial terms shall be in English language with an option to choose a vernacular language and made with prospective effect other than under circumstances arising from regulatory instructions. Retrospective changes shall as far as possible be avoided and may be implemented only within the framework defined in the Loan Agreements
- (2) Any change in the terms and conditions of sanction shall be effected only after due notice has been given to the client
- (3) Any decision to recall/accelerate payment or performance under the agreement should be in consonance with the loan agreement

V Release of Securities :

- (1) All securities shall be released on repayment of all dues by the client on the facility, and, where the client has offered the same security on other facilities extended to or guaranteed by the client, on repayment of all dues on such facilities
- (2) For loan against dematerialized shares, the shares shall be released within seven working days to the credit of client's dematerialised account. For all other security and related documents, an intimation shall be sent to the client within seven working days after repayment of all dues requesting the client to collect the same
- (3) Any set-off of dues against the security may be made only after due notice of the same is provided to the client along with the particulars of the claims and the terms and conditions under which IL&FS is entitled to such set-off. The same will be in consonance with the terms of the Loan agreements

VI General :

- (1) IL&FS will not interfere in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of IL&FS)
- (2) In the matter of recovery of loans, IL&FS will strictly observe due process of law and ensure that the staff are adequately trained to deal with the customers in an appropriate manner

VII Transfer of Borrowal Account :

In case of receipt of request from the borrower for transfer of borrowal account, the consent or objection will 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