

IL&FS INVESTSMART FINANCIAL SERVICES LIMITED
(FORMERLY TAJIR INVESTMENT & PROPERTIES LIMITED)

FAIR PRACTICE CODE

Fair Practices Code

This has reference to RBI Circular No. 2006-07/138/DNBS (PD) CC No.80/03.10.042/2005-06 dated September 28, 2006, wherein the Reserve Bank of India (RBI) has issued Draft Guidelines on Fair Practices Code for NBFCs. RBI has asked NBFC's to implement Fair Practice Code based on these guidelines. This code sets minimum Fair Practice standards for the company to follow when it is dealing with the customer. It provides information to customers and explains how the company is expected to deal with the customers on day to day basis.

(I) Objective of the Code

The code has been developed with an object to :

- Promote fair practices by setting minimum standards in dealing with customer
- Increase transparency so that customer can have a better understanding of what type of service level can be expected from the company
- Foster customer confidence in the company

(II) Application of the Code

The code applies to all products, offered by the company. Currently the following mentioned products are being offered by our Company :

- (a) Demand Loan Facility
- (b) Loan against securities
- (c) Initial Public Offer (IPO) Financing
- (d) Commodities Financing
- (e) Promoter funding
- (f) ESOP financing

(III) Key Commitment

- (a) To help borrower / customer to understand how Company's financial products and services work by :
 - (i) Ensuring that the customer is given clear information about Company's product and services, the terms and conditions and interest rates/service charges, which apply to them in the loan application form
 - (ii) Keeping customer informed about changes in the interest rates, charges, terms and conditions

- (b) To act fairly and reasonably in all dealings with the customer by:

- (i) Meeting the commitments and standards in this code for products and services offered by the Company
 - (ii) Making sure that products and services meet relevant principles of integrity and transparency
 - (iii) Informing customer about the time limit by which loan application will be processed and informing them of the status at regular intervals
 - (iv) Handling customer complaints promptly
 - (v) Informing customers about the process to take their complaints forward to the higher authorities
- (c) To treat personal information of customers as private and confidential

(IV) Information

- (a) The customer shall be given information regarding interest rates, terms and conditions for loan and other charges
- (b) Acknowledgement shall be given on receipt of loan application documents. Normal time frame for processing of the Loan Application would also be informed to the customers
- (c) After the loan is sanctioned, customer shall be informed about the interest rate at which loan is sanctioned, and method of application thereof, mode & time at which the interest will be debited (whether monthly or quarterly) and other terms and conditions applicable to loan.
- (d) The Company shall inform customer about any changes made in the terms and conditions like disbursement schedule, interest rates, service charges, prepayment charges etc applicable to the loan.

(V) Post disbursement Supervision

- (a) Post disbursement supervision would be constructive and the genuine difficulties which the borrower may face, would be given due consideration
- (b) In case there is a shortfall in margin/security given due to market fluctuation which may require borrower to give additional margin/security or due to some other reason loan needs to be recalled or payment needs to be accelerated earlier than schedule, same shall be communicated to customer and sufficient notice as per the agreement needs to be given to him

- (c) The Company shall release securities on repayment of all dues or on realization of outstanding amount of loan subject to any pending unsettled claims of the Company and / or its group companies. The securities would be withheld after informing client full particulars about the pending claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled

(VI) Non-Interference in the Affairs of the Borrower :

The Company shall not interfere in the affairs of the borrower except for the purposes provided for in the terms and conditions of sanction of the loan.

(VII) General

- (a) The Company shall treat customer information as private and confidential and shall be guided by following principles and policies:
The information shall be parted by the Company only in the following circumstances:
 - (i) Information required to be given under law or as demanded or required by Statutory authorities
 - (ii) Information is given with customer's specific written permission
- (b) In case of receipt of request for transfer of borrowal account, either from the borrower or from a lender which proposes to take over the account, the consent or otherwise would be conveyed within 21 days from the date of receipt of request. Such transfer would be as per transparent contractual terms in consonance with law.

(VIII) Collection of Dues

- (a) Company's collection policy shall be built on courtesy, fair treatment and persuasion. Efforts will be made in building customer confidence and long term relationship
- (b) The staff deputed to make recovery calls shall identify themselves and shall provide details with regard to outstanding claims to the customer
- (c) Under no circumstances, Company shall resort to any illegal means of the customer for recovery of the dues.

(IX) Complaints, Grievances and Feedback

- (a) If complaint is received in writing or over phone, complaint number would be given which would be referred to in future. Complaint register would be maintained.
- (b) Company will endeavor to sort out the matter within fifteen days of receipt of a complaint
- (c) In case the complaint requires more time then the same would be informed to the customer. Customer would be updated at regular intervals regarding the status of the same.
- (d) The grievance redressal mechanism within the organisation will be explained to the customer to resolve any dispute, such a mechanism would ensure that all disputes arising out of decisions of our functionaries are heard and disposed off at least at the next higher level.
- (e) A complaint of misconduct against an official of the Company shall be redressed by next level of authority.

(X) Review

The Board of Directors will periodically review the compliance of Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management