

January 29, 2010

**KARNATAKA STATE INDUSTRIAL INVESTMENT AND  
DEVELOPMENT CORPORATION LIMITED**

**FAIR PRACTICES CODE**

For the past four years, KSIIDC has kept on hold sanction of fresh financial assistance. It is focusing on recoveries from advances and tackling of NPAs. However, the Fair Practices Code has been framed in line with the guidelines prescribed by RBI. As and when KSIIDC restarts its lending activities it will comply with the following:

(i) Applications for loans and their processing:

(a) KSIIDC's loan application would include necessary information which affects the interest of the borrower and also indicate the documents that are required to be submitted with the application form.

(b) KSIIDC would have a system of giving acknowledgement for receipt of loan applications. The acknowledgment given would have details of the time frame within which the loan applications would be disposed of.

(ii) Loan appraisal and terms / conditions:

KSIIDC would convey in writing to the borrower through a sanction letter the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and the method of application thereof and obtain acceptance of these terms and conditions from the borrower on record.

(iii) Disbursement of loans including changes in terms and conditions

(a) KSIIDC will give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. It will also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard will be incorporated in the loan agreement / modification agreement.

(b) Decision to recall / accelerate payment or performance under the agreement will be in consonance with the loan agreement.

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(c) KSIIDC will release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim it may have against borrower. If such right of set off is to be exercised, the borrower will be given notice about the same with full particulars about the remaining claims and the conditions under which it is entitled to retain the securities till the relevant claim is settled / paid.

(iv) General

(a) KSIIDC will refrain from interfering 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 KSIIDC).

(b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of KSIIDC, if any, 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.

(c) In the matter of recovery of loans, KSIIDC will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.

(v) The Board of Directors of KSIIDC will also lay down appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism will ensure that all disputes arising out of the decisions of KSIIDCs' functionaries are heard and disposed of at least at the next higher level. The Board of Directors of KSIIDC will also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews will be submitted to the Board at regular intervals, as may be prescribed by it.

(vi) The Grievances Cell comprise of the following Officers:

1. Sri S. Ravi Shankar - General Manager
2. Sri S.Krishnappa - DGM (Legal & Personnel)
3. Sri B.Prem Kumar - Company Secretary & DGM (F&A)
4. Sri P.B. Rajagopal - DGM (IA & IT) – Grievance Cell Officer.

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