

CHERAMAN FINANCIAL SERVICES LIMITED

FAIR PRACTICES CODE

Fair Practices Code

Background:

The Reserve Bank of India, by its circular No: **RBI/2012-13/27 DNBS (PD) CC No.286/03.10.042 /2012-13** dated **July 2, 2012** has prescribed the broad Guidelines on fair practices that are to be framed and approved by the Board of Directors of all Non-Banking Financial Companies (NBFCs).

The Fair Practices Code, as mentioned herein below, is in conformity with these Guidelines on Fair Practices Code for NBFCs as contained in the aforesaid RBI Circular. This sets minimum Fair Practice standards for the Company to follow when dealing with customers. It provides information to customers and explains how the Company is expected to deal with them on a day to day basis. The fair practices code will be published in the website.

Objective of the Code:

The code has been developed with an object to:

- Ensure fair practices by setting minimum standards in dealing with customer.
- Increase transparency so that customer can have a better understanding of the services and the pricing offered by the Company.
- Foster customer confidence in the Company.
- To promote a fair and cordial relationship with the customers.

Application of the Code:

The code applies to all products / services, as may be offered by the Company. Currently the following products / services are offered by our Company:

Equity Financing: The Company intends to provide Equity Funding to viable projects.

Financial Leasing: Under this business model, the Company acquires the assets and leases out to the Lessee. The assets will be selected based on the specification required by the lessee.

Application and processing

1. All communications to the customer shall be in the vernacular language or a language as understood by the customer.
2. The Application Form for each of the products offered by the Company is different depending upon the requirement of each product. Necessary information will be provided by the company to facilitate the customer in making a meaningful comparison with similar terms and conditions offered by other Non Banking Financial Companies (NBFCs) and taking an informed decision based on the aforesaid comparison. Application form will indicate the documents required to be submitted with the Application form.
3. The customer will be given information regarding Finance charges, terms and conditions for lease, Annualised cost to the customer (all in cost) used for computation of lease rental and other charges in a clear and precise manner.
4. Acknowledgement will be given on receipt of Application documents. Normal time frame for processing of the Application from the date of receipt of all the required information would also be indicated in the acknowledgement.

Appraisal and terms/conditions

1. After the Lease/equity finance is sanctioned, the Company will issue an "Offer Letter", in vernacular language as understood by the borrower, containing financial terms, such as sanctioned amount, periodical lease rental rates, Annualised cost to the customer (all in cost) used for computation of lease rental including the method of application thereof, mode and time at which the lease rentals are to be paid and other terms and conditions applicable to Lease. Any clause relating to additional cost to the customer on default will be specified in bold in the agreement. At the time of sanction / disbursements the company will furnish a copy of the agreement to the customer preferably in the vernacular language as understood by the borrower along with a copy of all enclosures quoted in the agreement. The Company shall keep the record of acceptance of these terms and conditions.
2. The company will have appropriate internal principles and procedures for determination of annualised cost to the customer (all in cost), processing and other charges. The annualised cost to the customer will be arrived at by taking

into account the cost of funds of the business, risk premium, cost of operations and profit margin. The annualised cost to the customer depends much upon the gradation of the risk of customer viz. the financial strength, business, regulatory environment affecting the business, competition, past history of the borrower etc.

Disbursement and change in terms and conditions

1. The Company will give notice to the customer in vernacular language or a language as understood by the customer about any changes made in the terms and conditions like disbursement schedule, finance charges, service charges, prepayment charges, annualised cost to the customer, additional cost to the customer on default etc. that are applicable to the Lease. Such changes shall be effected prospectively. A suitable condition in this regard would be incorporated accordingly in the agreement.
2. Any decision to accelerate or recall the payment or performance under the agreement will be in consonance with the agreement.
3. The company will release all securities of the customer if any only on repayment of all dues by such customer, or only on realization of the outstanding amount of the customer's availed limit, subject to any legitimate right or lien for any other claim which the company may have against its customer. If such right of set off is to be exercised, the customer will be given notice about the same with full particulars about the remaining claims and conditions under which the company will be entitled to retain the securities till the relevant claim is settled or paid by the customer.

Post disbursement Supervision

1. Post disbursement supervision would be constructive and the genuine difficulties which customer may face, would be given due consideration
2. The company will refrain from interference in the affairs of its customer except for the purposes provided in the terms and conditions of the respective agreement (unless new information, not earlier disclosed by the Borrower, has come to the notice of the company).

Confidentiality

1. The Company shall treat customer information as private and confidential. The information shall be parted by the Company only in the following circumstances:
 - Information required to be given under law or as demanded or required by Statutory authorities
 - Information is given with customer's specific written permission
2. In case of receipt of request for transfer of lease transaction account from the customer, 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.

Collection of Dues

1. 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
2. The staff deputed to make recovery calls shall identify themselves and shall provide details with regard to outstanding dues of the customer
3. In the matter of recovery of outstanding dues of the customer, the company will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of dues, etc. Training will be imparted to ensure that staff is adequately trained to deal with customers in an appropriate manner.

Grievance Redressal Mechanism

Customers and others who have grievances may address their grievances through the Grievance Redressal Mechanism established in the company. The detailed Grievance Redressal Mechanism is annexed to this Fair Practices Code. The Board will periodically review the compliance of this Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management.

Sd/-

Managing Director

Place: Kochi

Date: