

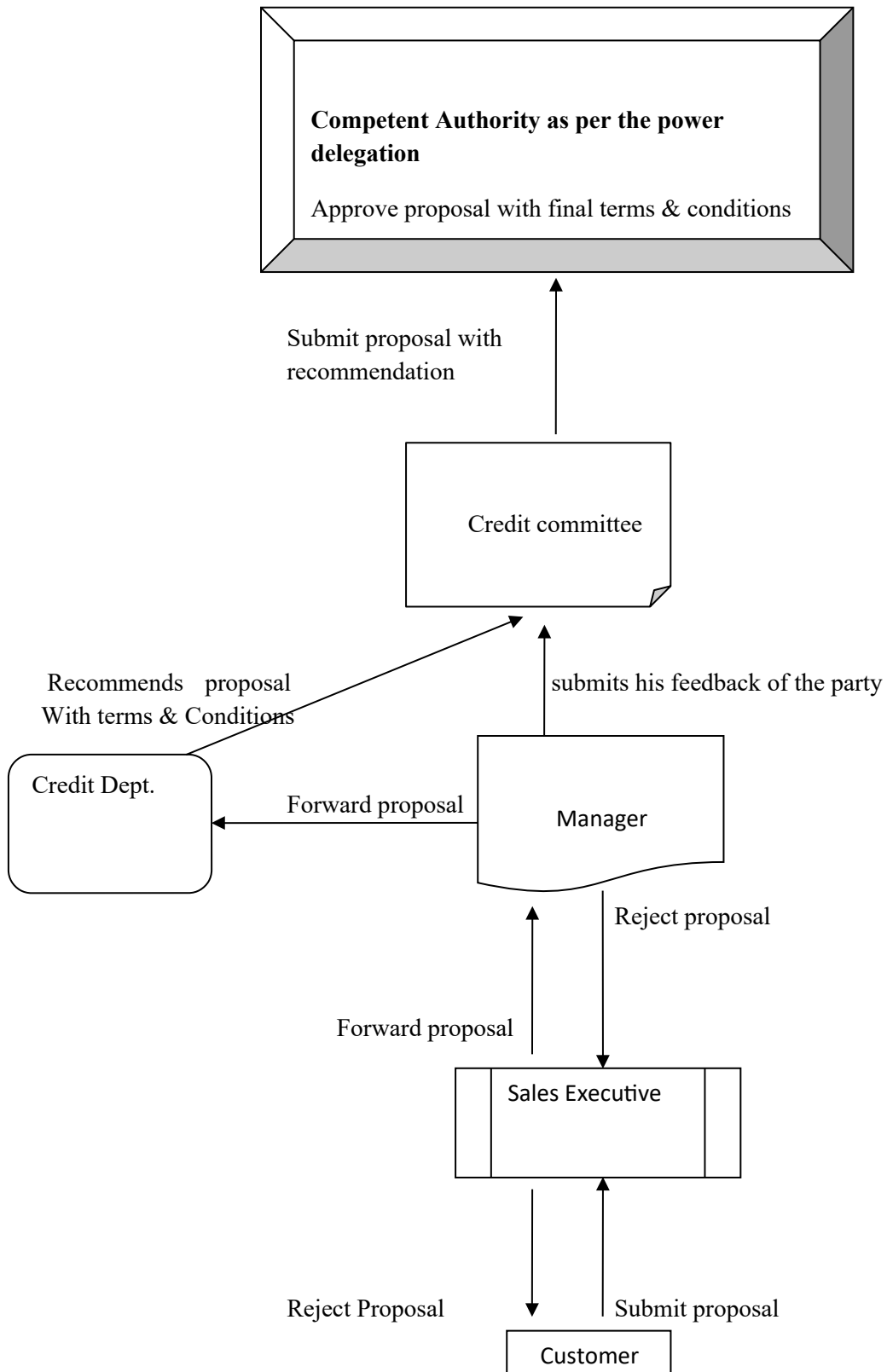
Date-23-08-2024

DHARA MOTOR FINANCE LIMITED

CREDIT POLICY Policy & Procedures For the F.Y 2024-25

Policy reviewed and framed as under:

Dhara Motor Finance Limited
Processing of Hypothecation Finance Application



Dhara Motor Finance Limited (DMFL) is a leading Finance Company in Bijnor District area. registered with Reserve Bank of India as an Assets Finance Company (AFC). The Company is engaged in providing finance to its customers mainly to purchase commercial and transport vehicles both new and old, besides others assets as per management discretion.

DMFL has evolved a policy for providing asset finance and general finance to its customers on consistent basis. This policy is broadly divided into following categories

- A. Customer**
- B. Assets**
- C. Terms & Conditions**
- D. Review and Monitoring**
- E. Collection and legal proceeding**
- F. Prepayment Policy**

A. Customers: DMFL reserves an absolute right to accept or reject any person or party as its client while considering any finance proposal. DMFL does a thorough check in screening its customers vide a detailed checklist (copy of checklist is attached). Main features of the checklist are as under:

1. The profile of the customers :

Personal Details: Name. Age. Sex, fitness of the driver etc

Residential address of the party

Identity verification documents: Adhaar Card / Voters Card / PAN card

Driver's Licence: Validity period and any adverse comment by RTO

Criminal Record or any court case pending
2. Financial Position of the Party :

Main Source of Income
Bank statement / Passbook
In case of firm/ company: 3 years Audited balance sheet
3. Credit Rating Report : Rating of customer as per financial position and track record
Maximum Exposure / Limit of finance to be given.
Details of past defaults with any other financiers

B. Assets:

The most important criteria for providing finance is the selection of asset which is proposed to be financed. There are following important factors in selecting the asset:

1. Status of Asset : New or used
2. Maximum Cut off age limit for used assets keeping in view vehicle condition after physical verification

3. Fitness validity period
4. Validity of Permit for running transport or commercial vehicle
5. Insurance track record : Number of claims in the past
6. RTO report : that vehicle is not stolen one or involved in serious accidents
7. Assessment of Market value in case of used assets

C. Terms and Conditions:

1. Margin: DMFL will insist on 25% margin in all cases. In exceptional circumstances margin requirement may be relaxed.
2. Down payment: Will include margin money payment and EMI in advance
3. Insurance: The party has option to get the insurance done by DMFL and in such case cost will be debited to the party A/c.
4. Post-dated Cheques: Duly executed post-dated cheques for all the remaining instalments & SPDC/ NACH mandate of guarantors will be submitted in advance
5. Security: All the assets proposed to be financed by DMFL must be hypothecated in case of movable assets in DMFL name. All the commercial and transport vehicles to be financed must have “Hypothecation Clause endorsement “entered into Registration Book of the vehicle by RTO. In other cases collateral security will be taken in shape of IP, equitable mortgage in favour of DMFL (Minimum 200% of loan amount) & personal guarantee
6. Documentation: All loans proposals must be executed in the prescribed legally enforceable documents

D. Review and Monitoring:

All financed transactions must be under constant review and the concerned sales executive /officer must be given in advance his/her monthly collection targets in advance. It is the duty of the executive /officer to achieve these targets and in case of any difficulty or problem, he/she will immediately informs his superiors/ manager. All sales incentives for the sales staff are subject to the achievement of sales targets as per the satisfaction of his superior/ manager

DMFL will hold on **first or second week of every month** , a monthly review meeting to thoroughly review the update status of the sales team/ recovery team against the advance targets for fresh sales & collection, recovery of monthly instalments both current and over dues, initiation of recovery proceeding in case of defaults etc. Senior management team will interact with the sales team and provide necessary inputs and guidance to improve upon the performance of the sales team. The incentive of the sales and recovery will be given in the monthly meeting immediate after completion of quarter.

E. Collection & Legal Proceeding :

At the time of finalisation of finance transaction, the customer undertakes to pay the monthly EMI as per agreed schedule. The monthly EMI is collected vide post-dated cheques taken in advance from the customer. However, in case the cheque is not honoured by the bank due to insufficient balance in the customer's account the recovery of EMI is made in the following manner:

1. Before the due date , Customer is informed by telephone to arrange for the funds in his bank account
2. In case the cheque dishonours , the executive will visit the customer and ask for the reason for default and convinces him to make the pending payment at the earliest
3. After expiry of 3 overdue EMI , the company will start legal proceeding by sending a legal notice to the customer
4. Even after serving the legal notice , the customer does not pay up the pending instalments , then the company will repossess the asset financed by it through legal recourse.
5. After repossession of the asset, the company will give 30 days' notice to the customer for clearance of all the pending dues. If dues are paid then the asset is given back to the customer otherwise legal proceeding continues.
6. In case the default still continues , the company will make auction of the asset to recover the total dues of the company after obtaining the sale order of the court.
7. Even after the auction , the dues of the company are not cleared in full , then the company will start legal proceeding through section 138 of NI act to recover the balance amount
8. In case the amount realised through the auction is higher the total pending dues of the company, then the company will refund the balance amount to the customer vide Cheque / DD/RTGS/NEFT in case loan is still o/s even of the sale of assets then OTS is explored or amount from guarantor is not recovered and all efforts are exhausted then balance amount shall be write off.

F. Pre- Payment Policy:

In case of Financial transaction, there is always remain a possibility the customer may desire to settle the dues before the stipulated period. Therefore the company has formulated a pre-payment policy which is detailed as under:

The borrower shall be entitled to prepay the entire outstanding amount under this agreement at any point of time by giving DHARA MOTOR one month prior notice in writing of the Borrower's intention to do so. In the event the Borrower exercises its right to prepay, DHARA MOTOR will be entitled to charge prepayment/termination charge equivalent to 3% of the outstanding principal or such amount as may be fixed by DHARA MOTOR from time to time.

**It was put up before the board and same was approved vide Board Resolution No. 6
Dated 16-07-2024.**

**Gajendra Singh
Managing Director**

**Ghanshyam Singh Chauhan
Executive Director**

