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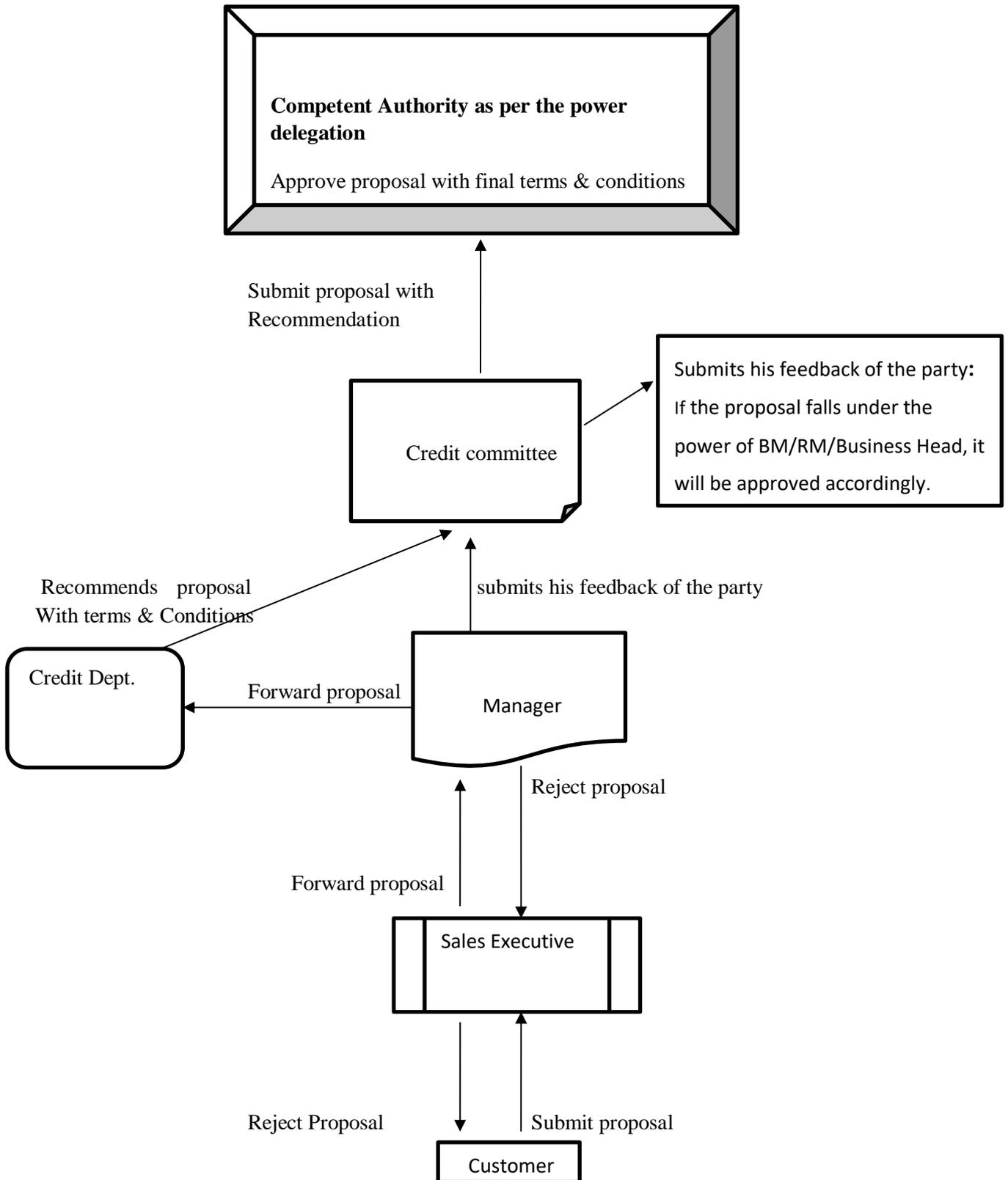
# **DHARA MOTOR FINANCE LIMITED**

## **CREDIT POLICY Policy & Procedures For the F.Y 2025-26**

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 and MSME loans 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/ operators, the know-how of the business, etc.

Residential address of the party and guarantors in case guarantors are available

Identity verification documents: Adhaar Card / Voters Card / PAN card Passport etc.

Driver's Licence: Drivers proposed by the borrower to drive the vehicle in terms of Validity period and any adverse comment by RTO in case of vehicle loan.

Criminal Record or any court case pending

2. Financial Position of the Party :

Present Sources of Income

Bank statement / Passbook

In case of firm/ company/trust/society, etc.: 3 years

Audited balance sheet with a projected balance sheet of minimum 2 years,

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 as per CIC (credit bureau report) that is CIBIL, CRIF HIGHMARK, EXPERIAN, EQUIFAX.

## **B. Assets:**

The most important criteria for providing finance is the comprehensive study of project and assets to be created by our loan, which is proposed to be financed. There are following important factors in selecting the asset:

1. Status of Asset : New or used experience of the in the profession applied for.
2. Maximum Cut off age limit for used assets keeping in view vehicle condition after physical verification (feasibility) in case of vehicle loan.
3. Fitness validity period.
4. Validity of Permit for running transport or commercial vehicle
5. Insurance track record: Number of claims in the past with the latest status, the fitness of the vehicle, and availability of valid comprehensive insurance.
6. RTO report : that vehicle is not stolen one or involved in serious accidents
7. Assessment of Market value in case of used assets
8. Verification of genuineness of vehicle, a trace of chassis and the engine number
9. Joint name of billing and comprehensive insurance of vehicle with joint photo in case of vehicle
10. Insure to procure the copy of delivery challan

### **C. Terms and Conditions:**

1. Margin: DMFL will insist on 25% margin in all cases. In exceptional circumstances margin requirement may be relaxed by the competent authority or as per the different loan schemes approved by the management.
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 and will be divided into EMIs
4. Post-dated Cheques: Duly executed post-dated cheques for all the remaining instalments & SPDC/ NACH other mandate of borrower 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's 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 loan cases of above 2.5 lacs, collateral security will be taken in the shape of IP, equitable mortgage in favor of DMFL (Value Minimum 200% of the 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 manager and all superiors.

DMFL will hold on **first 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 on the monthly basis.

## **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/NACH/other mandates taken in advance from the customer. However, in case the cheque/NACH/other mandates 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/ NACH/other mandates 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 recovery notices will be served for the default amount by the BM.
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/relevant orders 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.

**For Dhara Motor Finance Limited**

**Gajendra Singh**  
**Managing Director**

**Ghanshyam Singh Chauhan**  
**Whole Time Director**