

DHARA MOTOR FINANCE LIMITED

Policy of Penal Charges on Loan Accounts for the year 2025-26

Background

RBI vide circular DoR.MCS.REC.28/01.01.001/2023-24 dated August 18, 2023 issued guidelines on Fair Lending Practice - Penal Charges in Loan Accounts. As per these guidelines, Regulated Entities (REs) have to formulate Board approved policy for levy of penal charges, accordingly 'Policy of Penal charges' has been formulated by **Dhara Motor Finance Limited** ("The Company")

Objective of the Policy:

The objective of levying penal charges is essentially to inculcate a sense of credit discipline and to ensure transparency in the disclosure of penal charges. The penal charges will be levied for non-compliance of material terms and conditions of loan contract by the customer.

Penal Charges:

In the event, any amount due and payable by the Borrower or the Guarantor to the Lender remains unpaid, The Company shall be entitled to penal charges on monthly basis of such amount ("Penal Charges") for such default.

Clear Communication with borrowers –

- The quantum and reason for penal charges shall be clearly disclosed by The Company to the customers in the loan agreement, sanction letter and Key Fact Statement (KFS), in addition to being displayed on The Company's website (Schedule of Charges)
- Whenever reminders for non-compliance of material terms and conditions of the loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason, therefore, shall also be communicated.

Principles for determining Penal Charges

- In case of default, Penal Charges shall be applicable to the customer.
- Penal charges will be applicable on the overdue instalment (Principal + Interest) amount
- Penal Charges will be levied to the customer applicable will be according to below grid:

Overdue Instalment Amount	Penal Charges
1000 or more than 1000	Rs. 1/- per day/per thousand

These charges can be waived only as per process defined internally.

This Policy should be reviewed as and when required.

Policy on Penal Charges Notes:

- 1) The quantum of penal charges shall be reasonable and without being discriminatory within a particular loan / product category.

- 2) There shall be no capitalizing of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
- 3) Penal charges may be different within the same product category depending upon the overdue instalment amount
- 4) The structure of penal charges within a particular loan / product category shall be uniform irrespective of the constitution of the borrower.
- 5) Material terms and conditions of loan contract are as per 'events of default' as mentioned in the Loan agreement.

For and on behalf of the Board of Directors

Sd/-

**Gajendra Singh
Managing Director**

Sd/-

**Ghanshyam Singh Chauhan
Whole-Time Director**