DHARANI FINANCE LIMITED
CHENNAI-600 034

"CREDIT POLICY"

DHARANI FINANCE LIMITED

"CREDIT POLICY"

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For DHARANI FINANCE LIMITED
Chief Financial Officer

For DHARANI FINANCE LIMITED
Managing Director

For DHARANI FINANCE LTD.
Director

DHARANI FINANCE LTD. No. 59, Sterling Road, Nungambakkam, CHENNAI-34

1. OBJECTIVE AND SCOPE OF THE POLICY:

i. Dharani Finance Limited (Company) is registered with Reserve Bank of India (RBI) as a non-deposit accepting NBFC. Being an NBFC, It has to comply with Guidelines/Directions issued by RBI from time to time. The Company's Credit Policy is the framework, which defines the principles for its lending business. The Company shall duly implement and keep the Credit Policy including the Appendices and any amendments thereto up to date, in accordance with any regulatory, corporate or other legal requirements.

ii. The objectives of this Policy are as below:

a. To create a set of standardized policies and procedures for the lending activities of Dharani Finance Limited.

b. To institute due diligence for mitigating level of credit risks and improve credit quality.

c. To establish underwriting framework-including maximum credit limits, risk limits, etc.

d. To ensure thorough Credit appraisal and proper monitoring of all outstanding Credits. This includes both; supervision of outstanding Credits as well as recovery of overdue Credits.

e. This Credit policy provides an over all description of all stages of the lending process.

iii. In pursuing its business, Dharani Finance Limited will operate according to the highest ethical and compliance standards and constantly seek to follow best practices in the industry. Under no circumstances will contravention of laws and relevant regulations would be tolerated.

2. BUSINESS STRATEGY AND BUSINESS OPERATIONS:

i. Dharani Finance Limited business operations need to be financially sustainable i.e., all expenses shall have to be met from income essentially from interest earned on credit extended in addition to income from investments and fees collected from services extended to customers. The Company may give credit by way of loans, lease of Cars/Equipments hire purchase etc. to any Body Corporate(s), firm(s), Individuals, etc.

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ii. Business Segments

- Retail Lending: Dharani Finance Limited aims to extend Credits, to the public for personal credits including consumer durables, travel, marriage and such activities. The Credit Policy enumerates on the customer segments, purpose of Credit, process of Credit approval and disbursal, interest rate determination of the Credit disbursal and charges to be borne by an individual customer.
- Corporate Lending: The Company can further extend Credits to any Body Corporate(s), firm(s), non-individual entities.
- Other Segments / Credit Products: The Committee can further determine product parameters for retail lending and set limits on total book size for each product. The Credit policy has been framed in line with the Fair Practices Code prescribed by RBI.

iii. Sanctioning Authority

- Board of Directors (herein after referred to as 'Authority' or 'the Board') shall be the sanctioning authority. The Board may delegate the authority to the Credit Committee consisting of Managing Director, One Director and the CFO for speed disposal of the credit facilities to the Customer. Authority may approve the proposal from any other sector on case- to-case basis covering the entire spectrum of aspects viz. Purposes, size, interest rate, term, repayment terms, and security required and any other conditions will be as decided by the Board.
- The sanctions accorded by the Board / Credit Committee shall be placed before their ensuing meeting for the purpose of review and ratification if any required.

3. PURPOSE OF CREDIT:

i. In the long term, it is envisaged that the lending business will reach out to both existing customers as well as open market customers and fulfill their financing needs for purposes as wide ranging as Credits for purchasing consumer durables, cash credits, and the gamut of curated lending products.

ii. The Company can further extend the credits to corporate (non-individual entities) for their business needs within the risk appetite and regulatory framework.

4. CUSTOMER SELECTION:

In case of individuals, Credits shall be provided to:

- Salaried Employees of Public Sector Institutions /Companies/Undertakings
- Salaried Employees of Private Sector Companies
- Self-Employed / Entrepreneur - Individuals
- Students

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5. **CREDIT UNDERWRITING:**

The process from the receipt of customers' request and communication of the final approval of facility will be as under:

i. Credit Approval process:-

The process will start from the receipt of customers' request and the processing of same, including approval of the credit facility. The process ends with the communication of an approval of facility to the customer through a term sheet/sanction letter/Loan documentation.

- **KYC Document Verification**: The documents including the KYC documents submitted by the customer will be required to be analysed.

ii. Final decision on Sanction:-

The final decision to provide the Credit or not will remain with Dharani Finance Limited.

iii. Processing Fee:–

Dharani Finance Limited may charge processing fee case to case at applicable rates from time to time.

6. **TENOR:**

The retail Credits shall be granted for a tenor of not more than 5 years.

Besides the above, in order to gainfully utilize the deployable funds, the Company shall make a short-term deposit /Credit including inter corporate deposits for a period not exceeding one year. The maximum period credit facilities shall not exceed 15 years from the date of disbursement of the Credit.

7. **DETERMINATION OF INTEREST RATES:**

i. Interest rate will be decided by the Credit Committee based on the status of the Customer and their capability to repay the Loan.The base interest rate comprises of the cost of funds, operational costs and the minimum rate of return desired. The further spread will take into account the factors in the credit worthiness of the customer in the form of risk premium.

ii. Other relevant acts have been enumerated below:

- Interest shall be accrued and charged periodically but not less than monthly rests. Fees/ charges may be levied upfront or at other specific intervals as per the agreed terms and conditions.

For DHARANI FINANCE LIMITED

N. [signature]

Chief Financial Officer

For DHARANI FINANCE LIMITED

[signature]

Managing Director

For DHARANI FINANCE LTD.

[signature]

Director

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- In all cases, the effective interest rate shall be clearly communicated to the customers, all fees, commissions, interest rates and their calculations shall be transparent and explained in a manner that could be understood by the customers.

- Interest Rate policy will be reviewed periodically to take into account market forces, inflation and risk factors.

- The sanctioning authority shall record specific reasons in writing at the time of sanctioning Credits, in case no interest is stipulated or a moratorium for principal or interest is granted for any period.

- The rate of interest shall be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

- The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

- The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the companies or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.

(a) **Repayment:**

The Credit may be repayable in one or more installments as per the terms agreed upon. However, the cut-off date for repayment may be extended by the sanctioning authority for any particular case. Security:

For secured Credits, the borrower shall, in consideration of the Credit given, create such security in favour of the Company as stipulated by it, including a demand promissory note, wherever applicable.

(b) **Collaterals:**

In case it is felt necessary to strengthen the credit worthiness of the borrower, a co- borrower / guarantor may be considered.

For DHARANI FINANCE LIMITED
N. [signature]
Chief Financial Officer

For DHARANI FINANCE LIMITED
R. [signature]
Managing Director

For DHARANI FINANCE LTD.
[signature]
Director

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8. PRE-APPROVED CUSTOMERS:

In this case, Dharani Finance Limited may approach the customer based on the determined credit worthiness from alternative sources of data obtained via application permissions, credit bureau and enabling the decision engine to identify customers.

This would then simply be a consent to the offer made by Dharani Finance Limited. From acceptance of the offer to actual disbursement, it could be independent or assisted.

9. GENERAL INFORMATION:

i. All customers shall be informed in detail regarding the features, terms and conditions including all charges of the Credit before the sourcing of the application.

ii. Dharani Finance Limited shall not discriminate the sanctioning of Credits based on gender, caste or religion. However, it may choose to develop lending schemes for specific sections of the society.

iii. After the sanction of the Credit, the Credit terms and conditions, sanctioning letter, repayment schedule and all other such relevant documents shall be sent in any chosen mode and explained to the customer.

10. PERIODIC UPDATION:

The Credit Policy shall be reviewed annually or as and when required necessary

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Director

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N. [signature]

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