

ARUNA FINANCE LIMITED

The Risk Assessment Policy

The Risk Assessment is all about assessing the risks associated with the funding to Vehicles, both for Commercial Use and for Personal / Captive Use.

The assessment of risks encompasses the following key parameters, based on which the Underwriting Norms are being formulated to address / neutralize / mitigate various risks associated with the Vehicle Loans.

(a) Borrower Profile

The profile of the borrower, since it is the foremost key parameter, shall be assessed and graded based on the following, which are indicative but not exhaustive, to understand the level of risks associated with a particular borrower.

- (i) Net worth
- (ii) Income levels
- (iii) Ability to run the vehicle efficiently
- (iv) Social Standing
- (v) Financial Standing
- (vi) Financial Discipline (Intention to Pay)
- (vii) Repayment culture (Ability to Pay)

(b) Product / Vehicle Profile

The profile of the product plays a pivotal in determining the direction of the future financial position of the borrowers and is equally important, particularly in case of vehicles for Commercial Use, to assess the risks associated with a particular product / vehicle while assessing and as such the following are the indicative benchmarks to take into consideration.

- (i) Earning Capacity of the Vehicle (Viability)
- (ii) Market Acceptability of the Vehicle
- (iii) Maintenance costs of the Vehicle
- (iv) Life of the Vehicle
- (v) Re-sale Values of the Vehicle

(c) Location Risk Profile

Location of the Borrower / operational area of the Vehicle also one of the key parameter in assessing the overall risk as location may adversely impact the vehicle viability, its maintenance costs, its life and its re-sale values etc., either directly or indirectly thereby impairing the financial abilities of the Borrower.

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The Risk Assessment Philosophy – Classification of basis for Funding

Classification of basis for funding will undoubtedly provide an insight in understanding the risks associated in a different perspective and to address / neutralize / mitigate them in an appropriate manner.

(a) Borrower based funding

Borrower based funding means funding to a Borrower whose profile is in line with or above the stipulated Underwriting Norms. In other words, the borrower who exactly fits in to the stipulated credit norms of the Company be it his net worth, Income levels, Social & Financial Standing, repayment culture, financial discipline, ability to ply the vehicle efficiently etc., which can effectively off-set the risks, if any, associated with the product / vehicle.

In such cases, the risks associated with the product / vehicle can be lowered / relaxed to some extent keeping in view the low risk profile of the Borrower.

(b) Co-Borrower based funding

Funding can be extended to a borrower whose profile is to some extent not in line with the stipulated Underwriting Norms if supported / supplemented by a Co-borrower with the stipulated profile

The Co-borrower can be (a) any family member or a close relative of the borrower in the case of Individuals. (b) any Partner - in case of Partnership Firms (c) any Director - in case of Companies (d) Chairperson or the principal person or any Office bearers - In case of Trust / Society (e) any family member or close relative of the Proprietor - in case of Sole Proprietor who can rightly fit in to the stipulated credit norms.

In these cases as well, the risks associated with the product / vehicle can be lowered / relaxed to some extent keeping in view the low risk profile of the Co-Borrower. However, Security PDCs are to be obtained from the Co-borrower unless he is the existing borrower of the Company.

(c) Guarantor based Funding

Funding can be extended to a borrower / co-borrower whose profile do not exactly match with that of the stipulated Underwriting Norms if supported / supplemented by a Guarantor possessing additional strengths in addition to the stipulated profile.

In these cases as well, the risks associated with the product / vehicle can be lowered / relaxed to some extent keeping in view the low risk profile of the Guarantor. However, Security PDCs are to be obtained from the Guarantor unless he is the existing borrower of the Company.

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(d) Property Based Funding

Besides the above, funding can be extended to a borrower / co-borrower whose profile do not exactly fit in to that of the stipulated Underwriting Norms if the Borrower / Co-borrower holding additional properties than the stipulated Norms.

Only property in the name of the Borrower or Co-Borrower shall be considered for this purpose and Joint Properties or share in properties by the Borrower or the Co-Borrower with others shall not be considered. However, in case property is held jointly by Borrower / Co-borrower, then the same can be considered.

The value of the property should be twice the value of the asset funded; the same should be confirmed in the FI report and ownership proof is to be established & collected

In these cases too, the risks associated with the product / vehicle can be lowered / relaxed to some extent keeping in view the low risk profile of the Guarantor.

(e) Product based funding

Funding can be extended to Borrowers / Co-borrowers whose profile do not exactly fit into the stipulated Underwriting Norms if the product / vehicle profile is exceptionally good and commands premium in terms of re-sale values, lower value depreciation, higher earnings etc.

In such case, LTV and Tenor deviations can only be considered by the Managing Director of the Company.

(f) No Docs Funding

Funding can be extended to the Borrowers / Co-borrowers whose profile is weak and not in line with the stipulated Underwriting Norms if the LTV is less than 60% of the Value of the Product / Vehicle because of high stake of the Borrower / Co-borrower.

Deviations can be entertained based on the additional strengths of the Borrower / Co-borrower / Guarantor / Product on case to case basis.

However, all the Deviations to the Product Policy shall be approved by the Managing Director of the Company.

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1. Applicability

Funding Norms shall be applicable only for

- a. Individuals
- b. Proprietary Concerns
- c. Partnership Firm
- d. Private / Public Limited Companies
- e. Trusts/ Societies

Funding shall not be made to

- a. HUF
- b. Power of Attorney Holders
- c. Minors
- d. Insolvent
- e. Any person of unsound mind
- f. Any person disqualified by law

2. Age Limit

Minimum Age - 21 years (should have completed 20 years) & Maximum Age Limit - 65 years (at the time of end of loan)

3. Principal KYC Document Requirements

3.1 Borrower / Co-borrower / Guarantor

- 3.1.1 **Address Proof:** Any one of the documents as mentioned in the KYC Policy of the Company *as address proof*, from time to time, shall be collected from the Borrower / Co-borrower / Guarantor.
- 3.1.2 **Identity Proof** - Any one of the documents as mentioned in the KYC Policy of the Company *as identity proof*, from time to time, shall be collected from the Borrower / Co-borrower / Guarantor.
- 3.1.3 **Photograph** - latest passport size colour photograph of the respective Borrower / Co-borrower / Guarantor.
- 3.1.4. **Repayment Track & Vehicle RCs** – The Borrower / Co-borrower / Guarantor being Transporters, the Repayment Track Record of the vehicles owned together with RC copies.

In case of closed contracts, Repayment track of entire Contract record is required and the same should not be more than 24 months old.

In case of existing contracts, Repayment Track till the date of the proposal is required and the same should not be less than 6 months

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3.1.5 **Financial Statements** – In case of vehicles for Personal / Captive Use, Latest Income / Sales / Service Tax Returns for last two years, Bank Statements for the last 6 months etc, shall be collected.

3.1.6 **Partnership / Companies / Societies / Trusts** – Besides the above KYC documents, the following documents shall be collected.

❖ **Partnership Firms** – Duly Registered Partnership Deed and Authorization to one of the Partner to execute the loan documents duly signed by all the partners shall be collected. (*Refer Annexure 1 for specimen Resolution*)

❖ **Companies** - Certificate of Incorporation with Memorandum of Association & Articles of Association and Board Resolution with regard to borrowing powers of the Company, authorization to execute the loan documents, affixation of Common Seal of the Company etc. duly signed by two directors shall be collected (*Refer Annexure 2 for specimen Resolution*)

❖ **Societies / Trust** – Registration Certificate together with Society Bylaws / Trust Deed, Resolution with regard to borrowing powers of the Trust / Society, authorization to execute the loan documents etc. duly signed by two directors shall be collected. (*Refer Annexure 3 for specimen Resolution*)

3.1.7 **Property Proof** - Latest Property Tax Receipt or Electricity Bill or Agricultural Land Pass Books or Sale Deed, Property Tax Demand Notice etc. of the respective Borrower / Co-borrower / Guarantor shall be collected as Property Proof.

3.1.8 **Signature proof:** Any of the documents as mentioned in the KYC Policy of the Company with Borrower / Co- Borrower or Guarantor or signature attested by any Bank or by a Gazetted Officer of the Central / State Governments or by a Notary Public can be accepted as Signature Proof. (Optional)

3.2 Vehicle

3.2.1 **In case of New Vehicles** – Vehicle Quotation with vehicle description and Margin Money Receipt

3.2.2 **In case of Used Vehicles** – Copies of Registration Certificate (RC), Insurance Policy, Vehicle Permit, Fitness Certificate, Pollution Certificate, Road Tax Payment, Vehicle Valuation Report etc.

3.3. **KYC norms for Existing Borrowers / Co-borrowers & Guarantors:** KYC documents are mandatory in case of funding to new as well as existing customers and for guarantors.

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4. Principal CIBIL Document Requirements

If the KYC documents collected, as above, are other than the following, then the same shall be collected for CIBIL check.

- (a) Aadhar Card
- (b) Voter ID issued by Election Commission of India
- (c) Permanent Account Number (PAN)
- (d) Passport

5. Self attestation of documents

All the documents collected along with the application / proposal shall be attested by the Borrower / Co-borrower / Guarantor.

6. Thumb Impression

In case Thumb impression of Borrower / Co-borrower / Guarantor, the proposal can be accepted if supported by an Affidavit with photo duly notarized on Rs.100/- Stamp Paper by a Notary Public (Refer Annexure 4 for specimen draft)

7. Negative List

- (i) Individuals, Groups, entities named in the UNSCR 1267 / 1989 Sanctions List
- (ii) Cine Artists
- (iii) Politicians and People with Political links, either direct or indirect.
- (iv) Lawyers / Lawyer in family
- (v) Policemen & home guards or their family members.
- (vi) Small Financiers / Chit Funds, DSA/DMA of other Finance Companies
- (vii) Real Estate, Plantation Companies / Agro companies / Sea Food
- (viii) Beauty Parlors
- (ix) Time Share Companies & Holiday resorts
- (x) Companies operating through branches / Business centers (other than MNC.s)
- (xi) Cooperative Banks and employees of such banks
- (xii) Collection Agencies / Cable Operators / STD Xerox booth operators (standalone basis) / Security agencies / Video Parlors
- (xiii) Jewellery companies who take deposits from public under saving schemes
- (xiv) Person residing in community dominated or politically sensitive areas
- (xv) Press & Media persons
- (xvi) Liquor and Wine Business
- (xvii) Trade Union Officials
- (xviii) RTO Agents/ RTO officials / Forest Officials
- (xix) Used Vehicle Dealer/ Automobile Consultant / Into sale-purchase of vehicles unless having a relationship with the Company
- (xx) Unlawful elements - Under world Connection/ Terrorist/ Smuggling
- (xxi) Any person where it is not possible to collect or repossess due to violence / danger to field staff.
- (xxii) Production or trade in weapons and ammunitions.
- (xxiii) Gambling, casinos and equivalent enterprises.

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8. Telephone requirement

- (i) **Vehicles for Commercial Use** - Land Phone / postpaid / Pre-paid mobile connection are acceptable for all Commercial Vehicle products and all Borrower categories.
- (ii) **Vehicles for Personal / Captive Use** - Land Phone / postpaid mobile connection are acceptable for all Personal / Captive Vehicle products and all Borrower categories.

9. Cheques & Banking:

Post-dated cheques (PDCs) / NACH & Security PDC.s are to be collected as applicable to various product categories as notified from time to time and the same shall be from the same bank where the bank statement is given for credit appraisal. The bank statement should be for a minimum period of six months unless a new bank account is opened for the purpose of issuing cheques.

10. Geographical Coverage, Negative Areas & Accessibility

The Business Executives / Branch shall confine their operations to the given geographical area as specified from time to time keeping in view the monitoring issues. Branch / Business shall operate within the territory as allocated to them and shall not source business from negative areas as decided by the Credit Team and Management.

The Borrower place must be easily accessible and at least 4-5 times a day Public Transportation facility should be available to reach the borrower. The radius shall be calculated from our office and the distance to be calculated by road only.

11. Experience in Transportation Field for Vehicles for Commercial Use (Except for Three Wheelers & Small Commercial Vehicles)

Whenever a proposal is sourced from First Time Users (FTUs) and First Time Buyers (FTBs), the Business Executive has to confirm that the proposed borrower / Co-borrower or his close family member has relevant experience in plying the vehicle and in the transportation sector.

In the absence of the same, the details of other sources of income shall be provided to substantiate that the proposed borrower does not depend on the income from the proposed vehicle alone for repayment and the same has to be confirmed by Branch Manager.

In such cases, a Transporter with enough experience shall be taken as Guarantor, in addition to the above, so that he can support the Borrower / Co-borrower in plying the vehicle.

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Meanings

Transporter	Borrower / Co-borrower owning Vehicle with an experience of at least Six months in the transportation field with Repayment Track
First Time Buyers (FTBs)	Borrower / Co-borrower who are having experience in the transportation field of at least One year either as Driver or otherwise but buying the Vehicle first time
First Time Users (FTUs)	Borrower / Co-borrower who are new to the transport field and who do not fall within the meaning of either First Time Buyer (FTB) or Transporter as above.
Captive Users	Traders, Distributors, C & F Agents etc. who ply the vehicle for their own business
Holiday Period	The period allowed to repay the Loan in Installments from the date of disbursement of the Loan
EMI	Equated Monthly Installments including Differential Installments
Advance EMI	EMI Payable at the time Disbursement of the Loan
Residence Stability	The Borrower's / Co-borrower's existence in the given Residential Address
Business Stability	The Borrower's / Co-borrower's existence in the same line of business / occupation
Repayment Track	Statement showing the repayment culture of the Borrower / Co-borrower supported other NBFCs / Banks Repayment Statements / Receipts which shall not be older than 12 months
Existing Borrower	The Borrower / Co-borrower who availed a loan from the Company with at least 6 months track record
RC	Vehicle Registration Certificate issued by the RTA
Insurance	Valid Insurance Policy with Comprehensive Insurance cover
Used Vehicle	Vehicle where the name of the Company was not mentioned in the Invoice
Valuation Report	Vehicle Valuation Report given by the Companies empanelled / approved Surveyor / Valuer with Vehicle Photographs, Chassis Pencil Print which is not older than 45 days.
ETR Borrower	Borrower / Co-Borrower with Excellent Repayment Track Record, i.e. Payment installments on or before the Due Dates
GTR Borrower	Borrower / Co-Borrower with Good Repayment Track Record, i.e. Payment of Installments after the Due date but before the Colander month end
ATR Borrower	Borrower / Co-Borrower with Average Repayment Track Record, i.e. Payment of Installments after the Calander month end but before the 60 th day from the Due Date
Exposure	Not more than Five Vehicle.
Second Vehicle Funding	Funding to second vehicle funding after 6 Months.

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Underwriting

First Credit / Risk Filter

1. Field Investigation (FI) / Customer Point Verification (CPV)

The Business / Recovery Executive shall verify the Borrower's / Co-borrower's / Guarantor's place of residence and business to confirm the following;

- Details furnished by the Borrower / Co-borrower / Guarantor
- Residential Status – Self Owned / Ancestral / Rented
- Residential / Business Stability
- Present and Previous Occupation
- Family background & Social Standing
- Assets & Liabilities details
- Details of vehicle owned / Verification of vehicles owned
- Verification of Original Documents
- Verification of borrower profile with the Negative List
- Intention and ability to honour his financial commitments

2. Original Documents Check

The Business Executive / Franchisee / DSA collecting the documents along with the application / proposal shall verify the same with the Original documents available with the Borrower / Co-borrower / Guarantor and sign the copies with an endorsement "*Original Seen & Verified*".

3. Reference Check

The Borrower / Co-borrower / Guarantor has to provide at least two References from the same trade / business and the Business Executive shall cross verify the details furnished by the Borrower / Co-borrower / Guarantor and the things perceived by him during the FI / CPV with those References and the findings to be recorded in the Field Investigation (FI) Report. However, this is not required for existing customers

4. Neighbour's Check

While carrying out the FI / CPV, the Business Executive shall cross verify the details furnished by the Borrower / Co-borrower / Guarantor and the things perceived by him during the FI / CPV with the Neighbors and the findings to be recorded in the Field Investigation (FI) Report. However, this is not required for existing customers.

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5. Existing Borrowers Check

The Business Executive shall check the credentials of the Borrower / Co-borrower / Guarantor, including their family background & social standing with the existing borrowers of the Company residing in and around the proposed borrower's / co-borrower's / guarantor's place of residence / business and to capture the same in his recommendations. However, this is not required for existing customers.

6. Recommendation

The Business Executive shall assess the following and accordingly recommend the Loan Proposal for Sanction.

- ❖ Credit worthiness of the Borrower / Co-borrower / Guarantor after due verification of property and income proofs
- ❖ Intention, Repayment capacity and ability of the Borrower / Co-borrower to pay the Installments in adverse situations after due verification of his / their Repayment culture with the help of previous track record or Bank statements etc.
- ❖ Credibility and Social Standing of the Borrower / Co-borrower / Guarantor in the locality where they resides / where they carry out their business
- ❖ Authentication of documents submitted for verification
- ❖ Whether the borrower's requirements are in line with the Company's Product policy, more particularly in terms of funding, rate of interest, tenure, vehicle make & model etc.
- ❖ Earning capacity of the vehicle, more particularly in terms of its viability, route of operation, segment/industry in which it operates and its prospects etc.

7. Responsibility

The Business Executive is personally accountable if failed to carry out his responsibilities as stipulated above and will be subjected to disciplinary action including termination of employment.

Second Credit / Risk Filter

1. Verification by the Business / Branch Manager

- 1.1. The Business / Branch Manager shall verify the credentials of the Borrower / Co-borrower / Guarantor independently through his known sources (either market sources, existing borrowers or otherwise), other than those furnished by the Borrower / Co-borrower / Guarantor and the Business Executive, particularly with regard to his / their social and financial standing, intention and ability to honour financial commitments.
- 1.2. The Business / Branch Manager shall assess the earning capacity of the vehicle, in case of Vehicles for Commercial Use, and financial means of the Borrower / Co-borrower, Loan Tenor and Installment pattern (i.e. Installment to Income Ratio) to

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satisfy himself of the ability of the Borrower / Co-borrower to pay the Loan Installments on time.

- 1.3. The Business / Branch Manager shall capture all his findings and opinion in his recommendations.

2. Recommendation

The Business / Branch Manager shall conduct a thorough Due Diligence of Borrower / Co-borrower / Guarantor in all respects and recommend the Loan Proposal for Sanction after satisfying himself of the following.

- ❖ Analyze / access the proposal based on the findings of Business executive and documents submitted along with the Loan Proposal about the financial soundness and ability of the Borrower / Co-borrower to pay the Installments on due dates.
- ❖ Calls for additional information and documentary proofs, if necessary, to substantiate the Loan requirements of the Borrower / Co-borrower
- ❖ Verifies whether the proposal is in line with the Product Underwriting Norms of the Company and guidelines issued from time to time.

3. Responsibility

The Business / Branch Manager is personally accountable if failed to carry out his responsibilities as stipulated above and will be subjected to disciplinary action including termination of employment.

Third Credit / Risk Filter

1. External FI / CPV (for other than three wheelers & Small Commercial Vehicles) (Optional)

The Credit / Risk Team shall refer the details of the Borrower / Co-borrower / Guarantor to the Company's empanelled / approved External FI / CPV Agency to check their Credentials and the authenticity of the documents submitted including their Social / Financial background including verification of borrower profile with the Negative List if necessary.

However, External FI / CPV is not applicable for Existing Borrowers / Co-borrowers / Guarantors subject to fulfilling the following conditions:

- (a) Borrower / Co-borrower / Guarantor is staying in the same place
- (b) Borrower / Co-borrower / Guarantor is carrying out his business in the same place
- (c) Current contract is live or earlier contract is matured / pre-closed but not exceeding 12 months at the time of fresh funding

2. Verification of Documents

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The Credit / Risk Team shall scrutinize the documents submitted by the Borrower / Co-borrower / Guarantor and verify their authenticity with;

2.1. The online data available on the public domain.

- 2.1.1. PAN Card / Income Tax Returns with Income Tax website
- 2.1.2. Driving License / Vehicle Details with RTA Website
- 2.1.3. Voter Card with Election Commission website
- 2.1.4. Property Tax Paid with Municipal / Corporation Website
- 2.1.5. Property Details with Registration / Revenue Dept Websites.
- 2.1.6. Ration Cards with Civil Supplies Website

2.2. Banks / NBFCs

- 2.2.1. Bank Statements with respective Banks
- 2.2.2. Repayment tracks / Receipts with other NBFCs / Banks

3. Tele verification

The Credit / Risk Team shall call the Borrowers / Co-borrowers / Guarantors / References;

- 3.1.To understand Borrower / Co-Borrower funding requirements
- 3.2.To verify the personal details furnished by them
- 3.3.To verify the Vehicle, Dealer and Margin Money Payment details
- 3.4.To enlighten them of the Loan Amount, effective rate of interest, Loan Tenor Installment Pattern etc.

Record the differences / variations, if any, from the information furnished / documents submitted

4. Used / Refinance of vehicles

The Credit / Risk Team shall verify the subject vehicle documents such as Vehicle Registration Certificate, Insurance Policy, fitness certificate, Pollution Certificate, Permit, Road Tax Payment status, penalties, if any, etc. to find out the roadworthiness and validations to ply the Vehicle.

5. Vehicle Valuation & Photograph Vehicle:

The Credit Risk Team shall verify the vehicle valuation report done by the company's empanelled / approved valuer / surveyor & photograph of vehicle with chassis pencil print with that of the Vehicle Registration Certificate, Insurance Policy, Permit, Fitness certificates etc.

6. Internal De-dupe

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The Credit Risk Team shall carry out the De-dupe with the existing data base of the Company to check the repayment culture / delinquency position of the borrower / Co-borrower / Guarantor or any person related to them.

7. CIBIL:

The Credit / Risk Team shall check the CIBIL database, for all proposals except Three Wheelers & Small Commercial Vehicles, to check the credit history of the Borrower / Co-borrower / Guarantor. In case the Borrower or Co-borrower or Guarantor is a partnership firm/ corporate, the CIBIL check shall be done for managing partner or managing director.

Last Credit / Risk Filter

The Credit Officer shall verify the recommendations / remarks / comments of the Business Executive(s), Branch Manager and the Credit / Risk Team and carry out, if necessary, Tele Verification of Borrower / Co-borrower / Guarantor about the information furnished and their requirement.

1. Credit Policy Compliance

The Credit Officer shall verify;

- ❖ Whether the proposal is in line with the *spirit* of the Credit Policy of the Company and guidelines issued from time to time.
- ❖ Whether the proposal / product / Customer location falls under the Negative List as notified from time to time.
- ❖ The deviations, if any, from the Credit Policy

2. Credit Risk Assessment

The Credit Officer shall assess the risks with the Borrower / Co-borrower / Guarantor profiles specific reference to his / their experience, area of operation, ability to fulfill the financial obligations, even in adverse conditions, etc. and take an appropriate decision based on the facts / findings keeping in view various underwriting parameters.

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Credit / Risk Matrix

FI, Documents, Reference, Neighbours Check etc.

Branch Appraisal

External FI, Document, Tele, Vehicle Check etc.

Internal De-dupe, CIBIL Check etc.

Spirit of Credit Policy

Credit Risk Assessment

While assessing a proposal, the Credit / Risk Team shall keep the following in mind and shall endeavor to strike a balance between various internal and as well as external factors and to take an appropriate decision based on the facts and findings:

1. The Spirit of the Credit / Risk Policy
2. Risk appetite / Risk tolerance of the Organization
3. Organization's Positioning in the market

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Key Underwriting Parameters

1. Borrower Profile

The Borrower profile is the foremost important parameter which signifies the level of risks associated with the Borrower.

2. Product Profile

Product profile is the second important parameter which is instrumental in defining the Borrower's future course of action with respect to his financial commitments.

3. Location Profile

Location profile is the third important parameter which invariably influences the repayment behavior of the Borrower.

Various aspects with regard to the Borrower, Product and Location Profile have already been considered and taken care off at the Product / Location Approval stage and were already factored in the Product Policy. Hence, Credit / Risk Team is just required to strictly adhere to the Product Policy while assessing the risks.

As such, no Credit Officer is authorized to deviate from the Product Policy, as notified from time to time.

Deviations, if any, shall be escalated to the Managing Director with relevant justification for such deviation.

4. Norms on Judging Repayment Culture

4.1. Average Delay & Peak Delay

Completed Tenure	Average Delay	Peak Delay
Up to 12 months	30 days	90 days (Once)
Up to 24 months	45 days	90 days (Twice)
Above 25 months	60 days	90 days (Thrice)

4.2. Cheque Bounces

Completed Tenure	No. of cheque bounces	Delay in Updating the Payment
Up to 12 months	3	< 30 days
Up to 24 months	6	< 45 days
Above 25 months	10	< 60 days

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However, the credit proposals can be considered favorably in spite of breaching the above filters if:

- The Borrower has been making payment against the bounced cheque within 15 days from the date of such cheque bouncing,
- The Borrower has updated all his over dues
- The Borrower's average delay is within the stipulated levels for the last 6 months

Repayment can be ascertained either from the Repayment track of any financier or from Cash receipts or from bank statement (after due verification) and the same shall be cross verified with the CIBIL report.

5. Exposure

Not more than Five Vehicle. Additional Exposure for more vehicles will be taken after repayment of at least 6 months of first funding.

Transporters with 6 Months Repayment Track Record may be considered for Second Vehicle funding.

Additional Vehicle funding can be considered in exceptional cases as deviation based on additional comforts.

6. Over dues at the time of sanction of New Loan

In case of refinance to the same customer on the same vehicle or on a new refinance with at least 6 months of seasoning on a repayment as per norms, the Over Due amount together with the AFC / CBC in any existing account shall be collected before disbursement of loan amount

In case where the existing customer being funded now is a guarantor to any other AFL customer then in the loan, where the existing customer has stood guarantor, one EMI overdue with AFC / CBC is permitted to remain collectable. However, where the overdue amount is more than one EMI then the same has to be collected with AFC / CBC. Any other case has to be escalated to the Managing Director.

7. Approval Validity

The approval shall remain in force for a period of 60 days from the date of such approval. Fresh approval is to be obtained if gap between the approval date and disbursement date is more than 60 days unless the delay is on account of completion of RTA formalities.

8. Deviations

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No Credit Officer is authorized to deviate from the Credit Policy and any deviation shall be required to be approved by the Managing Director.

Deviations from standard credit policy such as Funding, rate of interest, tenor, vehicle etc are allowed based on the customer strength and will be taken up on case to case basis.

9. Others

The additional Credit filters like reduction of LTV, Increase in Rate of interest etc. where the customer profile is not up to the mark, should be applied.

Full PDCs / NACH are being collected in cases of Personal Car and Captive Borrowers and Security PDCs from other Borrowers except Three Wheeler Customers.

Loans resulting into an exposure above 10 lacs to a new single customer / group and above 20 lacs to an existing customer must have recommendation of MD.

Any funding is always net of discount.

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Product Specific Underwriting Norms

New Heavy & Medium Commercial Vehicles

<i>Product</i>	<i>HCVs (Fully Built)-New</i>		<i>HCVs (Chassis)-New</i>	
<i>Borrower</i>	<i>Transporter</i>	<i>FTU</i>	<i>Transporter</i>	<i>FTU</i>
<i>Maximum LTV</i>	85%	80%	100%	95%
<i>Maximum Tenure</i>	4 years	4 years	4 years	4 years
<i>Products</i>	As approved from time to time			
<i>Guarantor</i>	Any HCV Owner or Property equivalent to amount of finance	Any HCV Owner with minimum 6 months Repayment Track or Property equivalent to amount of finance	Any HCV Owner or Property equivalent to amount of finance	Any HCV Owner with minimum 6 months Repayment Track or Property equivalent to amount of finance

- ❖ LTV deviation is allowed, on case to case basis, in deserved cases based on the strengths of the Proposal
- ❖ In case of financials not available or not audited for captive profile, funding to be reduced by 5%.
- ❖ Funding is net of discount. Funding is on chassis unless specified for fully built.
- ❖ Buses, Tippers & Tractor trailers funding with prior experience of similar vehicle / industry segment.
- ❖ 5 years funding / 60 days arrears EMI can be approved only at MD level
- ❖ Prior Approval of Managing Director is required in case of funding in excess of Rs15Lakhs
- ❖ Comprehensive insurance is mandatory for all vehicles. If Insurance is expiring within 60 days at the time of proposal, fresh comprehensive insurance policy necessarily be taken and can be funded irrespective of LTV.

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New Light Commercial Vehicles - Goods

<i>Product</i>	<i>LCVs (Fully Built)-New</i>		<i>LCVs (Chassis)-New</i>	
<i>Borrower</i>	<i>Transporter</i>	<i>FTU</i>	<i>Transporter</i>	<i>FTU</i>
<i>Maximum LTV</i>	85%	80%	95%	90%
<i>Maximum Tenure</i>	4 years	4 years	4 years	4 years
<i>Products</i>	As approved from time to time			
<i>Guarantor</i>	Any Four Wheeler Owner or Property equivalent to amount of finance	Any Four Wheeler Owner with minimum 6 months Repayment Track or Property equivalent to amount of finance	Any Four Wheeler Owner or Property equivalent to amount of finance	Any Four Wheeler Owner with minimum 6 months Repayment Track or Property equivalent to amount of finance

- ❖ LTV deviation is allowed, on case to case basis, in deserved cases based on the strengths of the Proposal
- ❖ Funding shall be based on ex show room cost net off discount only
- ❖ 5% extra LTV can be considered in each category wherever One Time Tax is applicable.
- ❖ 5 years funding / 60 days arrears EMI can be approved only at MD level
- ❖ In case of financials not available or not audited for captive profile, funding to be reduced by 5%.
- ❖ Tippers funding with prior experience of similar vehicle / industry segment
- ❖ Prior Approval of Managing Director is required in case of funding in excess of Rs.7 Lakhs

ARUNA FINANCE LIMITED

New Light Commercial Vehicles - Passenger

<i>Product</i>	<i>LCVs (Fully Built)-New</i>		<i>LCVs (Chassis)-New</i>	
<i>Borrower</i>	<i>Transporter</i>	<i>FTU</i>	<i>Transporter</i>	<i>FTU</i>
<i>Maximum LTV</i>	85%	80%	95%	90%
<i>Maximum Tenure</i>	4 years	4 years	4 years	4 years
<i>Products</i>	As approved from time to time			
<i>Guarantor</i>	Any Four Wheeler Owner or Property equivalent to amount of finance	Any Four Wheeler Owner with minimum 6 months Repayment Track or Property equivalent to amount of finance	Any Four Wheeler Owner or Property equivalent to amount of finance	Any Four Wheeler Owner with minimum 6 months Repayment Track or Property equivalent to amount of finance

- ❖ LTV deviation is allowed, on case to case basis, in deserved cases based on the strengths of the Proposal
- ❖ Funding shall be based on ex show room cost net off discount only
- ❖ 5% extra LTV can be considered in each category wherever One Time Tax is applicable.
- ❖ 5 years funding / 60 days arrears EMI can be approved only at MD level
- ❖ In case of financials not available or not audited for captive profile, funding to be reduced by 5%.
- ❖ Tippers funding with prior experience of similar vehicle / industry segment
- ❖ Prior Approval of Managing Director is required in case of funding in excess of Rs.7 Lakhs

ARUNA FINANCE LIMITED

Used Heavy, Medium & Light Commercial Vehicles

<i>Product</i>	<i>HCVs – Used</i>		<i>LCVs) – Used</i>	
<i>Borrower</i>	<i>Transporter</i>	<i>FTU</i>	<i>Transporter</i>	<i>FTU</i>
<i>Maximum LTV (On Grid or Valuation whichever is lower)</i>	80%	75%	80%	75%
<i>Maximum Tenure</i>	3.5 years	3.5 years	3.5 years	3.5 years
<i>Maximum Age of the Vehicle at the end of the Contract Period</i>	14 Years	14 Years	12 Years	12 Years
<i>Products</i>	As approved from time to time			
<i>Guarantor</i>	Any HCV Owner or Property equivalent to amount of finance	Any HCV Owner with minimum 6 months Repayment Track or Property equivalent to amount of finance	Any Four Wheeler Owner or Property equivalent to amount of finance	Any Four Wheeler Owner with minimum 6 months Repayment Track or Property equivalent to amount of finance

- ❖ LTV deviation is allowed, on case to case basis, in deserved cases based on the strengths of the Proposal
- ❖ For tipper funding need prior similar vehicle experience or can be considered for captive use customers engaged into relevant business.
- ❖ Prior Approval of Managing Director is required in case of funding in excess of Rs.10 Lakhs
- ❖ In case of financials not available or not audited for captive profile, funding to be reduced by 5%.
- ❖ 4 years funding / 60 days arrears EMI can be approved only at MD level
- ❖ Comprehensive insurance is mandatory for all vehicles. If Insurance is expiring within 60 days at the time of proposal, fresh comprehensive insurance policy necessarily be taken and can be funded irrespective of LTV.

ARUNA FINANCE LIMITED

New & Used School Buses

<i>Product</i>	<i>New School Buses</i>		<i>Used School Buses</i>
	<i>Fully Built</i>	<i>Chassis</i>	
<i>Maximum LTV (On Grid or Valuation whichever is lower)</i>	90%	100%	80%
<i>Maximum Tenure</i>	4 years	4 years	3.5 years
<i>Maximum Age of the Vehicle at the end of the Contract Period</i>	----	----	10 Years
<i>Products</i>	As approved from time to time		
<i>Eligibility Criteria</i>	Government Registered Trusts, Schools, Colleges and Educational Institutions and not applicable to Individuals having contracts with schools for transportation		
<i>Co-Borrower / Guarantor</i>	One of the Key management personnel shall be the Co- Borrower. Any HCV Owner or Property equivalent to amount of finance shall be the Guarantor		

LTV Matrix

	New Buses		Used Buses
	Fully Built	Chassis	
Schools in existence for 2 yrs & above with 250 students	75%	85%	65%
Schools in existence for 2 yrs & above with 500 students	80%	90%	70%
Schools in existence for 3 yrs & above with 750 students	85%	95%	75%
Schools of Repute with 5 yrs & above with 1000 students	90%	100%	80%

- ❖ LTV deviation is allowed, on case to case basis, in deserved cases based on the strengths of the Proposal
- ❖ Prior Approval of Managing Director is required in case of funding in excess of Rs.15 Lakhs
- ❖ In case of financials not available or not audited for captive profile, funding to be reduced by 5%.
- ❖ Comprehensive insurance is mandatory for all vehicles. If Insurance is expiring within 60 days at the time of proposal, fresh comprehensive insurance policy necessarily be taken and can be funded irrespective of LTV.

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The following papers needs to be collected and checked for

1. Power to Borrow
2. Two years financials
3. Bank statement for the last 6 months
4. Resolution
5. Certificate / Letterhead from the school management stating student strength.
 - ❖ Registration validity of the school.
 - ❖ Affiliation e.g. from director of education, AICTE etc.
 - ❖ Person standing as guarantor is on the governing body and is authorised by the society to execute documents on behalf of the school / society
 - ❖ Borrowing clause - whether the society / trust is authorised to borrow funds from banks etc.

In the absence of any express clause in deed etc towards power to borrow, the following documents need to be collected:

1. Latest balance sheet
 2. KYC documents and verification and
 3. Resolution of the executive committee of the society.
 4. A comfort letter or certificate from the auditors of the society that the borrowing of the Trust / Society is within the powers of the society OR Indemnity Bond cum Assurance Letter.
- 5 year funding / 60 days arrears EMI can be with the approval of Managing Director
 - Funding shall be based on ex show room cost net off discount only

ARUNA FINANCE LIMITED

New Cars & MUVs for Personal Use

<i>Product</i>	<i>Cars & MUVs – White Plate - New</i>	<i>Cars & MUVs – White Plate – Used</i>
<i>Borrower</i>	Salaried & Self employed (Income Tax / Sales Tax Assesseees , Government and reputed corporate employees, any four wheeler owner with repayment track, Persons having reasonable net worth, i.e. property	Salaried & Self employed (Income Tax / Sales Tax Assesseees , Government and reputed corporate employees, any four wheeler owner with repayment track, Persons having reasonable net worth, i.e. property
<i>Maximum LTV</i>	90%	75%
<i>Maximum Tenure</i>	4 years	3 years
<i>Maximum Age of the Vehicle at the end of the Contract Period</i>	-----	10 Years
<i>Products</i>	As approved from time to time	As approved from time to time
<i>Guarantor</i>	Income Tax / Sales Tax Assesseees , Government and reputed corporate employees, any four wheeler owner with repayment track, Persons having reasonable net worth property	Income Tax / Sales Tax Assesseees , Government and reputed corporate employees, any four wheeler owner with repayment track, Persons having reasonable net worth property

- ❖ LTV deviation is allowed, on case to case basis, in deserved cases based on the strengths of the Proposal
- ❖ Prior Approval of Managing Director is required in case of funding in excess of Rs.7 Lakhs
- ❖ In case of financials not available or not audited, funding to be reduced by 5%.
- ❖ Funding shall be based on ex show room cost net off discount only
- ❖ Tenor deviation can be approved only at MD level
- ❖ Comprehensive insurance is mandatory for all vehicles. If Insurance is expiring within 60 days at the time of proposal, fresh comprehensive insurance policy necessarily be taken and can be funded irrespective of LTV.

ARUNA FINANCE LIMITED

New Cars & MUVs for Commercial Use

<i>Product</i>	<i>Cars & MUVs – White Plate - New</i>		<i>Cars & MUVs – Yellow Plate - Used</i>	
<i>Borrower</i>	<i>Transporter</i>	<i>FTU</i>	<i>Transporter</i>	<i>FTU</i>
<i>Maximum LTV</i>	85%	80%	80%	75%
<i>Maximum Tenure</i>	4 years	4 years	3 years	3 years
<i>Maximum Age of the Vehicle at the end of the Contract Period</i>	-----	-----	10 Years	10 Years
<i>Products</i>	As approved from time to time			
<i>Guarantor</i>	Any Car & MUV or H&MCV Owner of equivalent Vehicle or Property equivalent to amount of finance		Any Car & MUV or H&MCV Owner of equivalent Vehicle or Property equivalent to amount of finance	

- ❖ LTV deviation is allowed, on case to case basis, in deserved cases based on the strengths of the Proposal
- ❖ Prior Approval of Managing Director is required in case of funding in excess of Rs.7 Lakhs
- ❖ Tenor Deviation can be approved only at MD level
- ❖ Funding shall be based on ex show room cost net off discount only in case of new vehicles
- ❖ Comprehensive insurance is mandatory for all vehicles. If Insurance is expiring within 60 days at the time of proposal, fresh comprehensive insurance policy necessarily be taken and can be funded irrespective of LTV.

ARUNA FINANCE LIMITED

New Small Commercial Vehicles - Goods & Passenger

<i>Product</i>	<i>Tata Ace Category</i>		<i>Tata Magic Category</i>	
<i>Borrower</i>	<i>Transporter</i>	<i>FTU</i>	<i>Transporter</i>	<i>FTU</i>
<i>Maximum LTV</i>	90%	85%	85%	80%
<i>Maximum Tenure</i>	4 years	4 years	4 years	4 years
<i>Guarantor</i>	Any Three Wheeler/ Four Wheeler Owner or Property equivalent to amount of finance	Any Three Wheeler/Four Wheeler Owner or Property equivalent to amount of finance	Any Three Wheeler/Four Wheeler Owner or Property equivalent to amount of finance	Any Three Wheeler/Four Wheeler Owner or Property equivalent to amount of finance

Used Small Commercial Vehicles - Goods & Passenger

<i>Product</i>	<i>Tata Ace Category</i>		<i>Tata Magic Category</i>	
<i>Borrower</i>	<i>Transporter</i>	<i>FTU</i>	<i>Transporter</i>	<i>FTU</i>
<i>Maximum Age of the Vehicle at the end of the Contract Period</i>	8 Years	8 Years	7 Years	7 Years
<i>Maximum LTV</i>	80%	75%	75%	70%
<i>Maximum Tenure</i>	3 years	3 years	3 years	3 years

- ❖ LTV deviation is allowed, on case to case basis, in deserved cases based on the strengths of the Proposal
- ❖ Tenor Deviation can be approved only at MD level
- ❖ Funding shall be based on ex show room cost net off discount only in case of new vehicles
- ❖ Comprehensive insurance is mandatory for all vehicles. If Insurance is expiring within 60 days at the time of proposal, fresh comprehensive insurance policy necessarily be taken and can be funded irrespective of LTV.

ARUNA FINANCE LIMITED

Construction Equipment

<i>Product</i>	<i>Construction Equipment – New</i>		<i>Construction Equipment – Used</i>	
<i>Borrower</i>	<i>Transporter</i>	<i>FTU</i>	<i>Transporter</i>	<i>FTU</i>
<i>Maximum LTV (In Case of Used, on Grid or Valuation whichever is lower)</i>	85%	80%	65%	60%
<i>Maximum Tenure</i>	5 years	5 years	4 years	4 years
<i>Maximum Age of the Vehicle at the end of the Contract Period</i>	-----	-----	14 Years	14 Years
<i>Products</i>	As approved from time to time			
<i>Guarantor</i>	Any CE / HCV Owner or Property equivalent to amount of finance.	Any CE / HCV Owner with minimum 6 months Repayment Track or Property equivalent to amount of finance.	Any CE / HCV Owner or Property equivalent to amount of finance.	Any CE / HCV Owner with minimum 6 months Repayment Track or Property equivalent to amount of finance.

- ❖ LTV deviation is allowed, on case to case basis, in deserved cases based on the strengths of the Proposal
- ❖ Tenor Deviation can be approved only at MD level
- ❖ Funding shall be based on ex show room cost net off discount only in case of new vehicles
- ❖ Prior Approval of Managing Director is required in case of funding in excess of Rs.5 Lakhs
- ❖ Comprehensive insurance is mandatory for all vehicles. If Insurance is expiring within 60 days at the time of proposal, fresh comprehensive insurance policy necessarily be taken and can be funded irrespective of LTV.

ARUNA FINANCE LIMITED

Tractor / Harvester

<i>Product</i>	<i>Tractors, Harvesters – New</i>		<i>Tractors, Harvesters – Used</i>	
<i>Borrower</i>	<i>Transporter</i>	<i>FTU</i>	<i>Transporter</i>	<i>FTU</i>
<i>Maximum LTV (In Case of Used, on Grid or Valuation whichever is lower)</i>	85%	80%	75%	70%
<i>Maximum Tenure</i>	4 years	4 years	3 years	3 years
<i>Maximum Age of the Vehicle at the end of the Contract Period</i>	-----	-----	8 Years	8 Years
<i>Products</i>	As approved from time to time			
<i>Guarantor</i>	Any Tractor / Four Wheeler Owner or Property equivalent to amount of finance.	Any Tractor / Four Wheeler Owner with minimum 6 months Repayment Track or Property equivalent to amount of finance.	Any Tractor / Four Wheeler Owner or Property equivalent to amount of finance.	Any Tractor / Four Wheeler Owner with minimum 6 months Repayment Track or Property equivalent to amount of finance.

- ❖ LTV deviation is allowed, on case to case basis, in deserved cases based on the strengths of the Proposal
- ❖ Tenor Deviation can be approved only at MD level
- ❖ Funding shall be based on ex show room cost net off discount only in case of new vehicles
- ❖ Prior Approval of Managing Director is required in case of funding in excess of Rs.5 Lakhs
- ❖ Comprehensive insurance is mandatory for all vehicles. If Insurance is expiring within 60 days at the time of proposal, fresh comprehensive insurance policy necessarily be taken and can be funded irrespective of LTV.

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Three Wheeler - Goods & Passenger new

<i>Product</i>	<i>Goods</i>		<i>Passenger</i>	
<i>Borrower</i>	<i>Transporter</i>	<i>FTU</i>	<i>Transporter</i>	<i>FTU</i>
<i>Maximum LTV</i>	80%	75%	85%	80%
<i>Maximum Tenure</i>	3 years	3 years	3 years	3 years
<i>Guarantor</i>	Any Three Wheeler/ Four Wheeler Owner or Property equivalent to amount of finance	Any Three Wheeler/Four Wheeler Owner or Property equivalent to amount of finance	Any Three Wheeler/Four Wheeler Owner or Property equivalent to amount of finance	Any Three Wheeler/Four Wheeler Owner or Property equivalent to amount of finance

Used Small Commercial Vehicles - Goods & Passenger

<i>Product</i>	<i>Goods</i>		<i>Passenger</i>	
<i>Borrower</i>	<i>Transporter</i>	<i>FTU</i>	<i>Transporter</i>	<i>FTU</i>
<i>Maximum Age of the Vehicle at the end of the Contract Period</i>	6 Years	6 Years	6 Years	6 Years
<i>Maximum LTV</i>	70%	65%	75%	70%
<i>Maximum Tenure</i>	2 years	2 years	2 years	2 years

- ❖ LTV deviation is allowed, on case to case basis, in deserved cases based on the strengths of the Proposal
- ❖ Tenor Deviation can be approved only at M D level
- ❖ Funding shall be based on ex show room cost net off discount only in case of new vehicles
- ❖ Comprehensive insurance is mandatory for all vehicles. If Insurance is expiring within 60 days at the time of proposal, fresh comprehensive insurance policy necessarily be taken and can be funded irrespective of LTV.

ARUNA FINANCE LIMITED

CNG / LPG Permit - Three Wheeler - Passenger – New & Used

<i>Product</i>	<i>New</i>		<i>Used</i>	
<i>Borrower</i>	<i>Transporter</i>	<i>FTU</i>	<i>Transporter</i>	<i>FTU</i>
<i>Maximum LTV</i>	100%	95%	85%	80%
<i>Maximum Tenure</i>	3 years	3 years	3 years	3 years
<i>Maximum Age of the Vehicle at the end of the Contract Period</i>	-----	-----	6 Years	6 Years
<i>Guarantor</i>	Any Three Wheeler/ Four Wheeler Owner or Property equivalent to amount of finance	Any Three Wheeler/Four Wheeler Owner or Property equivalent to amount of finance	Any Three Wheeler/Four Wheeler Owner or Property equivalent to amount of finance	Any Three Wheeler/Four Wheeler Owner or Property equivalent to amount of finance

- ❖ Funding for Permit can be considered on case to case basis based on the prevailing Permit Value
- ❖ LTV deviation is allowed, on case to case basis, in deserved cases based on the strengths of the Proposal
- ❖ Tenor Deviation can be approved only at MD level
- ❖ Funding shall be based on ex show room cost net off discount only in case of new vehicles
- ❖ Comprehensive insurance is mandatory for all vehicles. If Insurance is expiring within 60 days at the time of proposal, fresh comprehensive insurance policy necessarily be taken and can be funded irrespective of LTV.

ARUNA FINANCE LIMITED

Product Approval Process

Since Product plays a key role in determining the repayment abilities of the Borrower, specifically in case of Commercial Vehicles, utmost shall be taken while approving a product.

The following shall be taken in to consideration while carrying out the approval process

- Market acceptability
- Earning Capacity / Vehicle Viability
- Prevailing Resale value
- Viable Age
- Historic data with regard to Resale values
- Experience of the other market players
- Recovery Performance of the portfolio

Feedback shall be taken from:

- Transport Operators
- Consultants / Brokers
- Insurance Companies
- Valuers / Surveyors
- Other market players operating in that product segment

The above are the Key Elements in defining the following

- Customer Acceptance Policy
- Customer Identification Procedures
- Monitoring of Transactions and
- Risk Assessment

Viability report	
Estimated Income	Rupees
Proposed vehicle monthly Income (based on No. of trips, Income per trip, route of operations, Freight rates, Load capacity etc.)	
Expenses	
Fuel	
Maintenance	
Incidental expense	
Driver Salary / Cleaner Salary	
Insurance	
Permit / Tax	
Tyre	
Net Income from Operations	
Less: EMI Amount	
Net Income available to the Borrower for his livelihood	

ARUNA FINANCE LIMITED

Location Approval Process

Methodology

1. Operation Manager should, in consultation with the MD, conduct the preliminary enquiries and collect the basic information / data from existing borrowers in that area, if any, branches of other NBFCs, Vehicle Dealers / Brokers etc. to form an opinion and submit the same to the MD
2. On receipt of the Report from the Operation Manager, the MD undertake further enquiries and collect the required information / data independently, at appropriate levels, and recommend the same to the Board.
3. **On receipt of the Report from the MD, the Board will refer the same to the Credit / Risk Team conduct their Due Diligence. The Credit / Risk Team after evaluating all the factors with due consultations with the Credit / Risk Teams of other NBFCs will send their views / recommendations to the Board**
4. On receipt of the Report from the Credit / Risk Team, the Management will take an appropriate decision after weighing all the pros & cons keeping in view the Company's Business Plan, resources, potentials risks & rewards etc.

While considering the Location Approval, the following shall be analyzed, besides business aspects, to assess the risks associated with a particular location

1. Product & Borrower's Profiles, their Repayment psychology, in general, based on the feedback from other NBFCs, to assess the Credit Risk
2. Recovery Performance of the existing NBFCs in the Area
3. Players operating in the Area and level of Competition expected
4. SWOT Analysis of Company's product offerings in terms of Interest Rate, Customer Service and other features.
5. SWOT Analysis of Competitors product offerings in terms of Interest Rate, Customer Service and other features.
6. Presence of Service Providers for Vehicle Inspection and Valuation, Customer Verification / Field Investigation
7. Area specific Risks / Vulnerabilities, if any

The above are the Key Elements in defining the following

- Customer Acceptance Policy
- Customer Identification Procedures
- Monitoring of Transactions and
- Risk Assessment

ARUNA FINANCE LIMITED

Used Vehicle Valuation Process

The following is the process followed by the Company, at regular intervals, in ascertaining the **grid value** of used vehicle for funding in line with the process followed by reputed NBFCs like Sundaram, Chola mandalam, IKF etc. and Banks like HDFC, Kotak, IndusInd etc.

Step 1

- (a) Collection of data with regard to resale deals happening in the market in consultation with transport operators, Consultants, Brokers, Mechanics etc. in respect of various vehicles, model wise
- (b) Collection of data with regard to valuation of various vehicles, model wise, from Certified Valuers / Surveyors.
- (c) Collection of data with regard to maximum and minimum vehicle values (IDVs) from various Insurers
- (d) Collection of **Vehicle grid values** of various NBFCs like Sundaram, Chola mandalam, IKF etc. and Banks like HDFC, Kotak, IndusInd etc.

Step 2

- (a) After analyzing the data so collected and comparing the same with the data of Repossessed vehicles sold by the company in the recent past if any, Company will arrive at the **Vehicle grid Values**, model wise.
- (b) The so arrived **vehicle grid values** are subject to review by the **Credit and Risk Team** at frequent intervals and the **vehicle grid values** will be adjusted suitably in line with the market dynamics.

Step 3

At the time of funding each and every Used Vehicle, the **lower of the following** will be taken as Vehicle value for ascertaining the finance amount.

- (i) **Vehicle Grid Values**, prepared as above
- (ii) IDV as mentioned in Insurance Policy
- (iii) Valuation given by the Certified Valuer / Surveyor.

The Management periodically announces the Grid Values of all eligible vehicles for refinance after ascertaining their fair values as above.