SUMMARY OF THE POLICY

Document Name	Credit Policy
Issue and Effective Date	05/09/2023
Review and adopted	02/04/2026; amended and adopted 05/09/2026
Next Review	September 2027
Periodicity of Review	Annual or earlier if required due to changes in applicable laws, regulations or business requirements.
Owner/Contact	Compliance Department
Approver	Board of Directors
Applicable to	All lending products of the Company
Annexures	-

Introduction

Komac Investments & Finance Private Limited (“Komac” or “Company”), a Non-Banking Finance Company registered with Reserve Bank of India (“RBI”) having its registered office at Wadia Building, 1st Floor, 106, 22-D S A Brelvi Road Fort Mumbai 400001.

Purpose

This Credit Policy establishes the principles, standards, procedures and governance framework governing the credit activities of **Komac Investments & Finance Private Limited ("the Company")**, a Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India ("RBI").

The Policy aims to ensure that credit decisions are based on prudent risk management principles, transparent customer practices, regulatory compliance and sound portfolio quality.

The Policy provides a consistent framework for appraisal, approval, documentation, disbursement, monitoring and recovery of credit facilities extended by the Company.

This Policy is framed in accordance with the Reserve Bank of India (Non-Banking Financial Companies – Credit Facilities) Directions, 2025, the Concentration Risk Management Directions, 2025, the Income Recognition, Asset Classification and Provisioning Directions, 2025, the Responsible Business Conduct Directions, 2025 and other directions issued by the RBI from time to time. In case of any conflict, the RBI Directions shall prevail.

Product segment

Komac shall provide following types of loans as per end use

Personal loans:

- Purpose: Personal Loans shall be provided to eligible individuals for legitimate personal requirements including but not limited to: such as Education of children, medical emergencies, seasonal mismatch of cashflows, purchase of new vehicles / durables, traveling ,emergency financial requirement Other and other lawful personal purposes acceptable to the Company .
- The Company shall not finance speculative activities or any activity prohibited under applicable laws.
- Ticket size: Rs. 1,000 to Rs. 10,00,000
- Tenure: 1 months to 3 years
- Security: Normally unsecured unless specifically approved under a secured lending programme
- Repayment mode: Daily / Monthly supported by appropriate repayment mandates.

Unsecured business loans

- Business Loans may be extended to eligible business entities for legitimate business purposes including : purchase of stock, plant and machinery, upgradation / addition/ modernization of business place and other productive business purposes approved by the Company.,
- Ticket size: Rs. 10,000 to Rs. 10,00,000 or such higher limit approved by the Board.

- Tenure: 3 months to 3 years
- Security: Unsecured / Secured depending upon product programme, risk assessment and approval authority.
- Repayment mode: Daily / Monthly or such repayment structure approved under the sanction terms.

Commercial vehicles Finance

- Purpose: purchase of new / used vehicle to be used for commercial purpose which could include goods carrying vehicle, passenger carrying vehicle, taxi, etc
- Ticket size: Rs. 1,00,000 to Rs. 40,00,000
- Tenure: 1 year to 5 years
- Security: Secured
- Repayment mode: Monthly or such repayment structure approved under the sanction terms.
- Both new and used commercial vehicles may be financed subject to valuation and underwriting norms.

Business segment

Komac shall provide loans to following categories :

a. MSME: Entities having manufacturing unit, trading unit (including retail outlets in form of Kirana stores), service providers such as doctors, clinics, Hotels and restaurants, education and training centres or Other eligible MSMEs
b. Classification of MSMEs shall be in accordance with applicable Government and RBI definitions.
c. Salaried : Individual employed in organised / unorganised sector having permanent / contractual job with Public or private sector.
d. Anchor / partners merchant: Individual / Entities acting as a merchant of partner such as money transfer agents
e. A customer requesting for a loan should not be a student, retired, homemaker and unemployed

Entities would include Sole Proprietorship/ Partnership/ Private Limited / Limited/ LLP

Eligibility Checks

- Age norm is applicable to applicant, co-applicant, and guarantors. Minimum 18 years of age and legal capacity at the time of Application and maximum 65 years at the scheduled maturity of the loan .
- Age relaxation, if any, shall require approval by the competent authority.

KYC Verification

- PAN shall be verified from NSDL or Digio
- Aadhar shall be verified from Digio or any other credible agencies

E-NACH

Once the borrower accepts the offer, Komac shall initiate mandatory E-NACH. E-NACH / UPI shall be mandatory and no deviation shall be allowed without approval of credit head for loans whose tenure is 2 months or above.

Underwriting parameters

Credit History / Bureau performance:

Bureau	CIBIL / Crifhighmark – Mandatory
Minimum Score	Minimum bureau score of 650, or such higher product-specific threshold as is set in the Board-approved scorecard for each LSP product (currently 675 for Freo PCL and 710 for Freo KM). New-to-credit (NTC) customers only where expressly permitted under the product programme.
Other parameters	• 30+ dpds in last 3 months is not allowed • <=30 dpd in last 6 months (1 tradeline allowed) • <=90 dpd in last 12 months • <= 90 dpd in last 24 months (1 tradeline allowed provided no dpd in last 3 months) • No cases with settled /written-off/Doubtful/Loss/Re-structured status, with outstanding more than 1,000/- to be entertained in last 36 months (excluding credit card). • i. No of non-converted enquires should not be more than 12 in last 12 months
Timelines	• Bureau validity stands for 30 days till disbursement. • NTC – Customer with less than 300 Bureau score is considered as New to Credit (NTC). • **Any deviation would require approval from Credit head**

Dedupe checks

Loans should pass Dedupe. Cases which are rejected for fraud, NPA, restructured, SMA with Komac or with sourcing partner, to be declined.

No Deviation on this norm allowed.

All the necessary dedupe checks to be done prior to soft sanction.

Income and FOIR assessment

Income can be assessed in the following ways:

Sources of Data for income:

- Bank statements
- ITR for last 3 years
- Business with anchor / partner. For cases where income is assessed based on the revenue / transaction processed through partner / anchor.
- GST returns for last 3 years
- Self Declaration

Income shall be computed as follows :

- Salaried / business with ITR : Net income less existing obligations.

- Partner / Anchor : Based on average transaction volume of last 6 months. Further, borrower must have vintage of 12 months with the partner / anchor. Loan shall be capped at maximum 3 months transaction volume.

FOIR depends on the risk profile of the customer. Expert judgment and data analysis shall be used to create a FOIR grid. However, FOIR cannot exceed 85% for loans tenure above 2 months.

LTV assessment:

Following collateral shall be accepted:

- Residential Property
- Commercial Property
- Commercial Vehicle

In case where loan amount is up to Rs. 10 lac, single valuation report from external valuer / technical agency shall be required while for loan amount of more than Rs. 10 lakh, two valuation report from external valuer / technical agency shall be required.

Type	**Self occupied**	**Rented / vacated**
Residential	70%	65%
Commercial	65%	60%
Commercial vehicle – New	Upto 100% of the on road value	Upto 90% of the on road value
Commercial vehicle - Used	Upto 80% of the purchase value	Upto 75% of the purchase value

Any deviation shall require approval of credit head.

Fee Structure

Fee Structure	Rate
Processing fees	1 – 8%
Penal Charges	As per the Schedule of Charges in the Interest Rate Policy. Levied only on the amount in default; not added to the rate of interest and not capitalised.
Foreclosure charges	As per the Schedule of Charges (product-wise)
Bounce charges	As per the Schedule of Charges (₹500 + GST per instance)
Loan set-up fee	As per the Schedule of Charges (Freo products: ₹100 + GST)
Charges for modification of loan terms	Nil, unless specified in the Schedule of Charges
Legal and technical charges	As actual will be borne by the customer
Insurance Premium	As actual will be borne by the customer

No fee or charge other than those in the Board-approved Schedule of Charges and disclosed in the KFS shall be levied. Any change to the Schedule requires Board approval.

SMA movement and asset classification

DPD	SMA Classification
1 to 30 Days	SMA 0
31 to 60 Days	SMA 01
61 to 90 Days	SMA 02

Asset Classification and Provisioning as per Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025.

Period	Asset Class	Provision
0 DPD to 90 days	Standard	0.25%
NPA (more than 90 days past due) for up to 12 months	Sub Standard	10%
➢ Sub-standard for more than 12 months	Doubtful	100%
➢ Identified as loss	Loss	100%

An account shall be flagged as overdue, SMA or NPA as part of the day-end process on the relevant date, and shall be upgraded to standard only when the entire arrears of interest and principal are paid. For doubtful assets, the unsecured portion is provided for at 100%; any secured portion is provided for at 20%, 30% or 50% depending on the period for which the asset has remained doubtful, as per the IRACP Directions.

Digital Lending

Loans sourced through Lending Service Providers (LSPs) and Digital Lending Apps (DLAs) shall be governed by this Policy and by the Company's Digital Lending Policy.

- The product programme for each LSP (product features, eligibility, scorecard and business rules, ticket size, tenor, pricing and charges) shall be approved by the Board before launch. Any change requires prior approval of the Board.
- Every application shall pass through the Company's Loan Origination System and business rule engine. The credit decision rests with the Company, which may reject applications approved by an LSP.
- The LSP may perform KYC verification as a service provider. The output shall be reviewed in the Company's system, and the CKYC search and upload shall be carried out by the Company.
- Loans shall be disbursed only to the borrower's bank account. Repayments shall be received only directly in the Company's bank account (e-NACH, UPI AutoPay, payment gateway or bank transfer), without any pass-through or pool account of an LSP or third party.
- A Key Fact Statement shall be provided before execution of the loan agreement, and the cooling-off period shall be as per the Digital Lending Policy.

Interest Rates

Interest rates shall be determined in accordance with the Interest Rate Policy. The product-wise range of interest rates and APR is set out in that Policy and disclosed on the Company's website.

Monitoring of LSP-originated Portfolios

In accordance with para 6(4) of the Credit Facilities Directions, the Company shall monitor each LSP-originated portfolio as follows:

- Monthly LSP-wise and product-wise portfolio reports covering disbursements, principal outstanding, DPD buckets (SMA-0, SMA-1, SMA-2), NPAs, vintage and early-delinquency trends, collection efficiency, DLG utilisation and complaints.
- Review by the Directors every month, and by the Risk Management Committee and the Board every quarter.
- Where delinquency or complaints exceed the thresholds approved by the Risk Management Committee, the Company shall review, restrict or suspend sourcing from that LSP.
- Annual review of the financial and operational condition of each LSP, as per the Outsourcing Policy.

Concentration Limits

In accordance with para 6(1) and 6(2) of the Concentration Risk Management Directions, the following limits shall apply:

- Single borrower or party: credit and investment exposure not exceeding 20% of Tier I capital.
- Single group of borrowers or parties: credit and investment exposure not exceeding 25% of Tier I capital.
- Unsecured personal loans: not exceeding 85% of the total loan book; within this, loans with a tenor of up to 35 days not exceeding 30% of the total loan book.
- Unsecured business loans: not exceeding 50% of the total loan book.
- Loans sourced through any single LSP: not exceeding 60% of the total loan book.

Compliance with these limits shall be reviewed by the Risk Management Committee every quarter. Any breach shall be reported to the Board with a plan for its correction, and any exception requires prior Board approval.

Write-off and Settlement

Technical write-offs and compromise settlements shall be undertaken only in accordance with the Policy on Compromise Settlement and Technical Write-off, and shall be reported to the Board every quarter.