POLICY ON TRANSFER OF STRESSED ASSETS

OF

KOMAC INVESTMENTS & FINANCE PRIVATE LIMITED (KOMAC)

SUMMARY OF THE POLICY

Document Name	Policy on Transfer of Stressed Assets
Issue and Effective Date	20/07/2026
Review and adopted	Adopted by the Board on 20/07/2026
Next Review	July 2027
Periodicity of Review	Annual, or earlier if required by changes in RBI Directions
Owner/Contact	Compliance Department
Approver	Board of Directors
Annexures	-

POLICY ON TRANSFER OF STRESSED ASSETS

1. PREAMBLE AND OBJECTIVE

Komac Investments and Finance Private Limited ("the Company") is a non-deposit taking NBFC in the Base Layer. This Policy sets out the framework for the transfer of stressed loans by the Company and the acquisition of stressed loans by the Company.

The objectives of this Policy are to:

- lay down a transparent and Board-approved process for identifying, valuing and transferring stressed loans;
- ensure that every transfer achieves a clean and genuine transfer of risk at a fair value discovered through a transparent process;
- protect the interests of borrowers whose loans are transferred; and
- ensure correct accounting, credit information reporting and disclosure.

2. REGULATORY FRAMEWORK

This Policy is framed in line with the provisions on transfer of loan exposures in the Reserve Bank of India (Non-Banking Financial Companies) Directions, 2025 issued on November 28, 2025, including the Directions on Transfer and Distribution of Credit Risk, the Income Recognition, Asset Classification and Provisioning Directions and the Resolution of Stressed Assets Directions, as amended from time to time.

Where this Policy is silent or differs from the RBI Directions, the RBI Directions shall prevail.

3. DEFINITIONS

Stressed loan means a loan that is classified as a Non-Performing Asset (NPA) or as a Special Mention Account (SMA), as defined in the RBI Directions.

Permitted transferee means an entity to which the RBI Directions permit stressed loans to be transferred, including Asset Reconstruction Companies (ARCs) registered with the RBI, scheduled commercial banks, All India Financial Institutions, NBFCs and other entities so permitted.

Net book value (NBV) means the outstanding balance of the loan, net of provisions held against it.

Reserve price means the minimum price, approved under this Policy, below which the Company will not transfer a stressed loan or a pool of stressed loans.

4. SCOPE

This Policy applies to:

- the transfer of stressed loans by the Company, individually or as a pool, to permitted transferees; and
- the acquisition of stressed loans by the Company from other regulated lenders.

The transfer of standard loans is governed by the Policy on Transfer and Acquisition of Loans. Compromise settlements and technical write-offs are governed by the Policy on Compromise Settlement and Technical Write-off.

5. APPROVING AUTHORITY

Every transfer or acquisition of stressed loans, and the reserve price for it, shall be approved by the Board of Directors.

The Board may authorise the Directors to complete the documentation and procedural steps for a transfer it has approved.

6. IDENTIFICATION OF STRESSED LOANS FOR TRANSFER

Loans may be identified for transfer when, in the assessment of the Company, recovery through its own collection process is unlikely to be timely or cost-effective. The assessment shall consider:

- the asset classification, days past due and ageing of the loans;
- collection efficiency and recovery history of the portfolio;
- the cost and expected time of recovery through the Company's own efforts, recovery agents or legal action;
- any dispute concerning the loans, including disputes with a lending service provider; and
- the expected realisable value compared with the net book value.

A note setting out this assessment shall be placed before the Board with the proposal.

7. VALUATION AND RESERVE PRICE

The reserve price shall be based on the expected recovery from the loans, discounted for the time and cost of recovery, and shall be recorded in the proposal placed before the Board.

Where the RBI Directions require it, or where the Board so decides, the valuation shall be obtained from an independent external valuer. The basis of valuation shall be documented.

Loans shall not be transferred below the reserve price without fresh approval of the Board.

8. MODE AND CONDITIONS OF TRANSFER

Stressed loans shall be transferred only to permitted transferees, and only through a transparent price discovery process (such as an auction, including the Swiss challenge method where applicable), as provided in the RBI Directions.

Each transfer shall meet the following conditions:

- the transfer shall be without recourse to the Company, and the economic interest and risks and rewards in the loans shall pass fully to the transferee;
- the Company shall not provide any credit enhancement, liquidity facility or other support for the transferred loans, and shall not retain any exposure to them except as expressly permitted by the RBI Directions;
- the consideration shall be received in cash or, in the case of a transfer to an ARC, in cash and/or security

receipts, as permitted by the RBI Directions;

- the Company shall not re-acquire a stressed loan it has transferred, or any part of it, within the period specified in the RBI Directions; and
- all loan records, KYC documents, repayment history and correspondence shall be handed over to the transferee in an orderly manner, in compliance with the Company's Privacy Policy.

9. ACCOUNTING

On transfer, the loans shall be derecognised from the books of the Company.

If the sale value is lower than the net book value, the shortfall shall be debited to the Statement of Profit and Loss in the year of transfer.

If the sale value is higher than the net book value, the excess provision shall be reversed to the Statement of Profit and Loss only to the extent of cash received, and otherwise in the manner permitted by the RBI Directions for consideration received in security receipts.

Security receipts held by the Company, if any, shall be valued and provided for as required by the RBI Directions.

10. PROTECTION OF BORROWERS

Every borrower whose loan is transferred shall be informed in writing, by the Company and the transferee, of the transfer and of the transferee's details, the account to which repayments are to be made, and the grievance redressal contact of the transferee.

The transfer shall not change the terms of the loan agreement to the borrower's detriment.

The transfer agreement shall require the transferee and its agents to follow fair practices in recovery. The Company shall continue to address any complaint relating to the period before the transfer.

11. CREDIT INFORMATION REPORTING

On transfer, the Company shall update the credit information of each borrower with all Credit Information Companies to show the loan as transferred, in line with the Credit Information Reporting Directions. Further reporting shall be done by the transferee.

12. ACQUISITION OF STRESSED LOANS

The Company shall acquire stressed loans only from lenders permitted to transfer them under the RBI Directions, after due diligence on the loans and the borrowers, and with the approval of the Board.

Acquired loans shall be classified and provided for in line with the IRACP Directions, and shall be included in the Company's concentration and exposure limits.

13. REPORTING AND DISCLOSURE

Details of loans transferred and acquired, the sale consideration, the effect on the Statement of Profit and

Loss and recoveries shall be reported to the Board every quarter.

The disclosures required by the RBI Directions on transfer and acquisition of stressed loans shall be made in the notes to the annual financial statements.

Any returns or reports required by the RBI on such transfers shall be filed within the prescribed timelines.

14. REVIEW

This Policy shall be reviewed by the Board annually, or earlier if required by changes in the RBI Directions.

This Policy has been approved by the Board of Directors of the Company at its meeting held on July 20, 2026.