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PROJECT OR VENTURE FINANCE POLICY

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1. PREAMBLE

This Project Finance Policy (“Policy”) is framed to establish a comprehensive framework governing appraisal, sanction, disbursement, monitoring, recovery, and risk management of project finance exposures undertaken by the Company.

The Policy aims to ensure:

- a. Prudent credit underwriting;
- b. Compliance with applicable regulatory guidelines issued by the Reserve Bank of India;
- c. Proper identification and mitigation of project risks;
- d. Sustainable asset quality and profitability;
- e. Standardized approval and monitoring processes.

This Policy shall apply to all project finance facilities sanctioned by the Company.

2. REGULATORY FRAMEWORK

This Policy is formulated considering:

- a. Master Direction – RBI (NBFC) Directions, as amended from time to time;
- b. RBI Project Finance Directions, 2025 applicable to banks and NBFCs;
- c. RBI Prudential Norms on Income Recognition, Asset Classification and Provisioning;
- d. RBI Know Your Customer (KYC) Directions;
- e. Prevention of Money Laundering Act, 2002 (PMLA);
- f. Companies Act, 2013 and other applicable laws.

3. OBJECTIVE

The objectives of this Policy are:

- a. To finance commercially viable and legally compliant projects;
- b. To ensure proper due diligence before sanction;
- c. To establish acceptable risk parameters;
- d. To ensure timely completion and operationalization of projects;
- e. To create a robust monitoring mechanism;
- f. To minimize credit, operational, legal and reputational risks.

4. SCOPE OF FINANCE

The Company may extend project finance assistance for:

- a. Commercial Real Estate Projects;
- b. Residential Housing Projects;
- c. Industrial Projects;
- d. Manufacturing Units;
- e. Warehousing & Logistics;
- f. Hospitality Projects;
- g. Healthcare Projects;
- h. Renewable Energy Projects;
- i. Education Infrastructure;
- j. Trade Ventures
- k. MSME Expansion Projects;
- l. Infrastructure-linked ancillary projects.

The Company may finance:

- a. Greenfield Projects;
- b. Brownfield / Expansion Projects; Finance for second hand machinery will be considered on stiffer terms – higher margins, higher interest rates higher own contribution ,shorter repayment schedule etc to reflect the higher credit risk,
- c. Modernization Projects;
- d. Balance Transfer of Project Loans subject to satisfactory conduct.

5. ELIGIBLE BORROWERS

Project finance facilities may be extended to:

- a. Companies;
- b. LLPs;
- c. Partnership Firms;
- d. Proprietorship Concerns;
- e. Special Purpose Vehicles (SPVs);
- f. Trusts and Societies where legally permissible.

The borrower shall possess:

- a. Adequate legal capacity;
- b. Satisfactory financial standing;
- c. Acceptable credit history;
- d. Proven management capability;
- e. Necessary statutory approvals.

6. TYPES OF FACILITIES

The Company may provide:

- a. Term Loans;
- b. Construction Finance;
- c. Lease Rental Discounting linked project support;
- d. Working Capital Term Loans;
- e. Structured Finance;
- f. Bridge Funding;
- g. Mezzanine Finance;
- h. Last Mile Funding;
- i. Equipment Finance connected to project implementation.
- j. Cofinancing on pari passu basis with other lenders for large projects

7. EXPOSURE NORMS

7.1 Single Borrower Exposure

Exposure to a single borrower shall not exceed limits approved by the Loan committee as per Power of Delegation from time to time.

7.2 Group Exposure

Exposure to a borrower group shall be within prudential exposure norms approved internally and in line with applicable RBI regulations.

7.3. 7.3 Exposure Norm Mitigation Measures

In cases where the Company has a relatively high concentration of exposure to a single borrower or borrower group, the Company may, based on the size of exposure, risk assessment, and commercial considerations, implement appropriate risk mitigation and control mechanisms to safeguard its interests and ensure enhanced oversight of the borrower's operations and cash flows.

Such measures may be included, but shall not be limited to:

- a. Appointment of a nominee director or observer on the Board of the borrower entity, wherever legally permissible and commercially appropriate;
- b. Strategic equity participation or convertible investment structures, where considered necessary for alignment of interests and enhanced monitoring;
- c. Establishment of payment controls, including escrow mechanisms, controlled accounts, TRA (Trust and Retention Account), waterfall arrangements, or cash flow monitoring systems;
- d. Rights over key bank accounts and receivables monitoring;
- e. Enhanced reporting requirements, periodic operational and financial reviews, and management information system (MIS) monitoring;
- f. Imposition of specific financial covenants, operational covenants, and reporting requirements; and
- g. Any other suitable monitoring or control mechanism considered necessary by the Company based on the nature, size, and risk profile of the exposure.

The above measures shall be implemented based on the Company's risk assessment, internal approval framework, and applicable regulatory requirements.

8. APPRAISAL PARAMETERS

All project finance proposals shall undergo detailed appraisal covering:

8.1 Promoter Evaluation

Assessment of:

- Background and experience;
- Financial strength;
- Net worth;
- Track record;
- Existing liabilities;
- Banking conduct;
- Credit bureau reports;
- Group exposure and contingent liabilities.

8.2 Technical Evaluation

Review of:

- Project feasibility;
- Technical viability;
- Construction schedules;
- Cost estimates;
- Contractor capability;
- Technology adopted;
- Project implementation timeline.

8.3 Financial Evaluation

Assessment of:

- Project cost;
- Means of finance;
- Debt-equity ratio;
- Cash flow projections; whole company earnings to be considered if the project is a division or project undertaken as a new venture by an existing company
- Internal Rate of Return (IRR);
- Debt Service Coverage Ratio (DSCR); normally not less than 1.5:1
- Break-even analysis;
- Sensitivity analysis.

8.4 Legal Due Diligence

Verification of:

- Title documents;
- Land ownership;
- Approvals and licenses;
- Encumbrances;
- Litigation status;
- Statutory compliances.

8.5 Market Assessment

Evaluation of:

- Demand and supply;
- Competition;
- Market absorption;
- Revenue visibility;
- Offtake arrangements.

9. MINIMUM BORROWER CONTRIBUTION

Borrowers shall bring in stipulated promoter contribution upfront before substantial disbursement by the Company.

The Company may prescribe minimum:

- Equity contribution;
- Margin requirements;
- Security cover.

10. SECURITY STRUCTURE

The Company may obtain one or more of the following securities:

- a. Equitable mortgage of immovable property;
- b. Hypothecation of project assets;
- c. Charge over receivables;
- d. Assignment of project cash flows;
- e. Escrow of collections;
- f. Pledge of shares;
- g. Corporate guarantee;
- h. Personal guarantee of promoters;
- i. Debt Service Reserve Account (DSRA).

Security documentation shall be legally enforceable and perfected prior to disbursement wherever applicable.

11. DISBURSEMENT CONDITIONS

Disbursement shall be linked to:

- Stage-wise project progress; For co financed projects Company shall receive not less than proportionate share of earnings in its share for financing. Unless justified other lenders shall not get better terms than the company
- Borrower equity infusion;
- Compliance with sanction terms;
- Submission of approvals;
- Valuation and legal clearance;
- Insurance coverage;
- No material adverse change.

The Company may appoint:

- Technical auditors;
- Engineers;
- Chartered accountants;
- Monitoring agencies.

12. PROJECT MONITORING

Continuous monitoring shall include:

- Periodic site visits;
- Verification of project progress;
- Cost overrun assessment;
- Review of escrow operations;
- Tracking of sales and receivables;
- Monitoring statutory approvals;
- Periodic stock and receivable audits.

Borrowers shall submit:

- Quarterly progress reports;
- CA-certified utilization statements;
- Financial statements;
- Cash flow statements.

13. ESCROW & CASH FLOW MONITORING

Wherever deemed necessary, all project receivables shall be routed through escrow accounts controlled by the Company.

The waterfall mechanism may provide for:

1. Statutory dues;
2. Project operating expenses;
3. Interest servicing;
4. Principal repayment;
5. DSRA replenishment;
6. Surplus release.

14. PRICING

Interest rates shall be determined based on:

- Cost of funds;
- Credit risk profile;
- Project risk;
- Security coverage;
- Repayment structure;
- Market conditions.

The Company may charge:

- Processing fees;
- Commitment charges;
- Penal charges;
- Documentation charges;
- Monitoring fees;
- Foreclosure charges as permitted by law.

15. REPAYMENT STRUCTURE

Repayment may be structured based on:

- Project cash flows;
- Construction period;
- Moratorium requirements;
- Revenue generation cycle;
- Lease rentals;
- Sale proceeds;
- Ballooning or structured repayment schedules.
- Ordinarily term loan tenors will not be more than 5 years with the right for the company after discussion with the borrower and other lenders if any to accelerate repayment if cash flows from the project exceeds projections.

16. STRESS RESOLUTION & RESTRUCTURING

Any restructuring shall be subject to:

- Board-approved restructuring framework;
- Viability assessment;
- Revised cash flow analysis;
- Additional security, wherever necessary;
- Compliance with applicable RBI guidelines.

Extension of DCCO (Date of Commencement of Commercial Operations) shall be governed in accordance with applicable RBI Project Finance Directions

17. CLASSIFICATION OF ASSETS

Asset classification shall be carried out in accordance with RBI prudential norms applicable to NBFCs.

Accounts overdue beyond prescribed timelines shall be classified as:

- Special Mention Accounts (SMA);
- Non-Performing Assets (NPA);
- Doubtful Assets;
- Loss Assets.

Necessary provisioning shall be made as per regulatory requirements.

18. EARLY WARNING SIGNALS (EWS)

The Company shall monitor early warning indicators including:

- Cost overruns;
- Delay in approvals;
- Construction slowdown;
- Diversion of funds;
- Decline in sales;
- Cheque/ECS returns;
- Delay in statutory payments;
- Adverse market developments;
- Deterioration in credit profile.

Suitable corrective action shall be initiated immediately.

19. ENVIRONMENTAL & SOCIAL RISK

The Company shall avoid financing projects involving:

- Illegal activities;
- Environmentally hazardous activities prohibited by law;
- Activities violating applicable labour laws;
- Projects adversely affecting public interest.

20. RELATED PARTY TRANSACTIONS

All related party exposures shall comply with:

- Companies Act, 2013;
- Applicable RBI guidelines;
- Board-approved related party transaction policy.

Such transactions shall be conducted on arm's length basis.

21. FRAUD PREVENTION & AML COMPLIANCE

The Company shall ensure compliance with:

- KYC norms;
- Anti-Money Laundering standards;
- Fraud risk management framework;
- Sanctions screening and monitoring.

Suspicious transactions shall be reported to competent authorities wherever required.

22. DELEGATION OF POWERS

Sanctioning authority shall be exercised as per Board-approved delegation matrix.

Any deviation from policy shall require approval from the competent authority and/or Board/Credit Committee.

23. REVIEW & REPORTING

The portfolio shall be periodically reviewed by:

- Credit Appraisal Department;
- Risk Management Committee;

The review shall include:

- Portfolio quality;
- Sector concentration;
- Delinquencies;
- Provision coverage;
- Stress accounts;
- Regulatory compliance.

24. POLICY REVIEW

This Policy shall be reviewed annually or earlier if required due to:

- Regulatory changes;
- Business requirements;
- Risk considerations;
- RBI directions.

Any amendment shall be approved by the Board.

25. BOARD APPROVAL

This Policy is approved by the Board of Directors at its meeting held on 20th day of March 2026.