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Asset Takeover Policy

1. Introduction

This Asset Takeover Policy ("Policy") lays down the guiding principles and procedures to be followed by the Company for the acquisition or takeover of assets from other entities.

The objective of this Policy is to ensure that all asset takeover transactions are:

- ✓ Conducted in a transparent and prudent manner
- ✓ Aligned with the Company's strategic and financial objectives
- ✓ Compliant with applicable regulatory requirements
- ✓ Supported by proper due diligence, valuation, and governance mechanisms

2. Scope

This Policy applies to all proposed takeovers of assets by the Company, including but not limited to:

- Loan portfolios
- Financial assets
- Receivables
- Fixed assets and other tangible or intangible assets

The Policy covers takeovers from entities including companies, partnerships, NBFCs, banks, or any other legal entities.

3. Definitions

Asset Takeover: Acquisition of assets, whether performing or non-performing, from another entity.

Board: Board of Directors of the Company.

Valuation Report: A report issued by an independent Chartered Accountant or registered valuer determining the fair value of assets.

4. Objectives

The key objectives of this Policy are:

- To establish a standardized process for evaluating asset takeover opportunities
- To ensure fair valuation and risk assessment
- To safeguard the interests of the Company and its stakeholders
- To ensure proper documentation and audit trail

5. Eligibility and Selection Criteria

Before proceeding with any asset takeover, the following factors shall be evaluated:

- ✓ Financial soundness and background of the transferor entity
- ✓ Quality and performance of the assets

- ✓ Legal enforceability of underlying contracts
- ✓ Risk-return profile of the assets
- ✓ Strategic fit with the Company's business model

6. Procedure for Asset Takeover

6.1 Identification of Opportunity

Business team shall identify potential asset takeover opportunities aligned with Company strategy.

6.2 Preliminary Assessment

Initial screening of assets based on financial, legal, and operational parameters.

6.3 Due Diligence

A comprehensive due diligence shall be carried out, including:

- Financial due diligence
- Legal due diligence
- Technical/operational review
- Verification of title, ownership, and enforceability

6.4 Valuation of Assets

- ✓ A valuation of the assets shall be conducted by an independent Chartered Accountant or registered valuer.
- ✓ The valuation report must clearly specify methodology, assumptions, and fair value.
- ✓ The valuation shall not be older than 3 months at the time of transaction.

6.5 Board Approval

A detailed proposal shall be submitted to the Board including:

- ❖ Due diligence findings
- ❖ Valuation report
- ❖ Risk assessment
- ❖ Financial impact analysis

A formal Board Resolution approving the asset takeover shall be mandatory prior to execution of the transaction.

6.6 Execution of Agreement

Upon Board approval, necessary agreements (Assignment Agreement, Sale Agreement, etc.) shall be executed.

All legal documentation must be vetted by legal counsel.

6.7 Transfer and Integration

- Assets shall be transferred in accordance with applicable laws and contractual terms.
- Necessary entries shall be recorded in the books of accounts.
- Systems and operational integration shall be completed.

7. Risk Management

- ✓ All asset takeover transactions shall be subject to risk assessment.
- ✓ Credit, legal, operational, and reputational risks must be identified and mitigated.
- ✓ Adequate provisioning and capital impact analysis shall be carried out where applicable.

8. Compliance and Regulatory Requirements

All transactions shall comply with applicable laws, including guidelines issued by the Reserve Bank of India for NBFCs.

The Company shall ensure adherence to KYC norms, fair practices code, and other regulatory requirements.

9. Documentation and Record Keeping

The following documents shall be maintained:

Board Resolution
Valuation Report
Due diligence reports, if any
Transaction agreements, if any
Assignment Agreement, if any
Sale Agreement, if any

Records shall be preserved in accordance with applicable laws and internal policies.

10. Monitoring and Review

- Post-acquisition performance of assets shall be monitored periodically.
- Deviations from expected performance shall be reported to management.
- The Policy shall be reviewed periodically or as required by regulatory changes.

11. Conclusion

This Policy ensures that asset takeover transactions are conducted with robust governance, transparency, and due diligence. By mandating independent valuation and Board approval, the Company aims to mitigate risks and ensure that all acquisitions are in the best interest of stakeholders