

CredRight Finance

Co-Lending Policy

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Contents

1. INTRODUCTION AND OBJECTIVES	4
2. DEFINITIONS	4
3. ENGAGEMENT MODELS WITH LENDERS UNDER CO-LENDING	4
4. GEOGRAPHICAL SCOPE	5
5. SHARING OF RISK AND REWARDS	5
6. COMMERCIALS	5
7. KNOW YOUR CUSTOMER (KYC):.....	5
8. CUSTOMER SERVICE & GRIEVANCE REDRESSAL:	5
9. BUSINESS CONTINUITY PLAN:	5
10. OTHER POLICIES & GUIDELINES:	6
11. REVIEW OF THE POLICY AND AMENDMENTS	6

1. INTRODUCTION AND OBJECTIVES

CredRight Finance Private Limited (hereinafter referred to as “CRF” or “Company”) has framed this co-lending Loan policy as per RBI circular no. RBI/2020-21/63 FIDD.CO.Plan.BC.No.8/04.09.01/2020- 21 (“RBI circular”) dated November 05, 2020. As per RBI circular all Banks and NBFCs (including HFCs) shall frame a Board approved policy for entering into the Co Lending Model (CLM) and place the approved policy on website.

The objective of this Policy is to serve as a guiding framework for engagement by the Company with eligible banks, financial Institutions and NBFCs (“Co-Lenders”) for exploring co-lending opportunities across its existing and new products / segments which qualify as per the RBI Circular.

2. DEFINITIONS

- 2.1. **“Board of Directors”** or **“Board”** means the Board of Directors of CredRight Finance Private Limited as constituted or re-constituted from time to time.
- 2.2. **“Company”** means CredRight Finance Private Limited.
- 2.3. **“CLM”** means the Co-Lending Model
- 2.4. **“Co-lending”** refers to the coming together of two or more lenders to loan out money together to their target customers.
- 2.5. **“Co-Lenders”** means eligible banks, financial Institutions and NBFCs with which Company will enter Co-Lending arrangement.
- 2.6. **“Policy”** means Co-Lending Policy.

The words and expressions used and not defined in this Policy but defined in the Companies Act, 2013 or rules made thereunder or the Reserve Bank of India Act, 1934 or the Circulars, Directions, guidelines issued by RBI thereunder shall have the same meanings respectively assigned to them in those acts, rules, regulations, directions or guidelines.

3. ENGAGEMENT MODELS WITH LENDERS UNDER CO-LENDING

Option (a)/CLM 1: The arrangement would entail joint contribution of credit at the facility level, by both the Company and the Co-Lenders.

Option (b)/CLM 2: Under this option the Lenders shall take over its share in the exposure after disbursement of the loan on back-to-back basis subject to due diligence.

4. GEOGRAPHICAL SCOPE

We are proposing to explore co-lending opportunity across the Company's branch and network through its partnership with other NBFCs/MFIs/HFCs.

5. SHARING OF RISK AND REWARDS

Both the options would involve sharing of risks and rewards between the Co-Lender and the Company for ensuring appropriate alignment of respective business objectives, as per the mutually decided agreement between the Co-Lender and Company. A minimum of 10% of the credit risk by way of direct exposure shall be on the Company's books till maturity and the balance will be on the Co-Lender's books.

6. COMMERCIALS

- a. **Interest rate** - The ultimate borrower may be charged an all-inclusive interest rate as may be agreed upon by both the lenders conforming to the extant guidelines applicable to both.
- b. **Fees and Expense sharing for other activities** - Appropriation between the co-lender and the Company may be mutually decided basis mutual agreement.
- c. **AUM / Servicing Fees / Any other commercial terms** - Would be agreed mutually with the Company and Co-Lender.
- d. **Standard Operating Process** - A detailed Standard Operating Process (SOP) would be created in discussion with the partner Lenders following the co-lending Master Agreement being entered into, to suitably detail the Credit Appraisal process within the SOP.

7. KNOW YOUR CUSTOMER (KYC):

The co-lending Lenders shall adhere to applicable KYC/ AML guidelines, as prescribed by RBI and any other regulation as stipulated by RBI from time to time.

8. CUSTOMER SERVICE & GRIEVANCE REDRESSAL:

The front-ending lender will be primarily responsible for providing the required customer service and grievance redressal to the borrower. With regard to grievance redressal, any complaint registered by a borrower with the Company/Co-Lender shall also be shared with the Co-Lender/ the Company; in case the complaint is not resolved within 30 days, the borrower would have the option to escalate the same with the concerned Co-Lender Ombudsman/ Ombudsman for NBFCs.

9. BUSINESS CONTINUITY PLAN:

Notwithstanding termination of co-lending Master Agreement, both the Company and Co- Lenders agree and acknowledge that Borrower servicing shall be rendered till each loan originated under the co-lending agreement is completely repaid or settled as detailed in the SOP.

10. OTHER POLICIES & GUIDELINES:

The Company will ensure that it adheres to the regulations prescribed by the RBI/any other relevant regulatory body and the Company's policies for any loan that has been disbursed through the co-lending model in the same manner as would have been the case if the entire loan were being disbursed solely on the behest of the Company

11. REVIEW OF THE POLICY AND AMENDMENTS

- 11.1. The Board will review this policy at such intervals as may be required on the regulatory and business exigencies.
- 11.2. Any change/amendment/modification in the policy shall be approved by the Board. As this Policy is pursuant to the applicable laws, if any change to applicable laws or interpretation thereof necessitates any change to the Policy, this Policy shall be read so as to accommodate the changes and necessary amendment shall be carried out at a subsequent date in the policy. The Chief Executive Officer will review the Policy to give effect to above, as and when need arises, till such time as the Board of Directors makes the necessary changes to the Policy. The Board shall have the right to withdraw and / or amend any part of this policy or the entire policy, at any time, as it deems fit, or from time to time, subject to applicable law in force.