

Indifi Capital Private Limited
(formerly known as Riviera Investors Private Limited)

CO-LENDING POLICY

Version Control:

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Prepared By	Legal & Compliance
Approved By	Board of Directors

[For Internal Circulation]

Background

Reserve Bank of India revised guidelines on “Co-lending by Banks and NBFCs to Priority Sector lending” vide its circular RBI/2020-21/63 FIDD.CO.Plan.BC.No.8/04.09.01/2020-21 dated November 05, 2020. As per the revised guidelines, lending institutions are permitted to co-lend with Banks & Registered NBFCs (including HFCs) based on a prior agreement.

Objective

Indifi Capital Private Limited (“**Indifi/Company**”) aims to transform small business lending by making it convenient for SMEs to access credit easily by resolving customer’s financial requirements through better, faster, more powerful and affordable finance & loan related services. In this context, the Company proposes to enter into Co-Lending/Co-Origination Partnership programs arrangements with various banks/ NBFCs/ Financial Institutions for furtherance of lending business. Company have entered into these partnerships with specific Board approvals in the past and this policy intends to facilitate operational ease given significant interest in banking/non-banking institutions for such partnerships with the Company.

This **Co-lending (‘Policy’)** outlines a broad framework for the Co-Lending/ Co-Origination Partnership programs entered into/ to be entered into by Company with various Banks, Financial Institutions and NBFCs (“**Co-Lender**”) (**collectively referred to as the “Lender(s)”**) for priority sector lending and non-priority sector lending for variety of Loan Products.

Engagement Models with Co-Lenders under co-lending

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

Option (b): 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.

The models for co-lending may be modified on the basis of regulations, industry trends and evolving trends in the market, subject to the Board Approval:

Criteria for Selection of Partner

- Co-Lender should be registered entity with RBI
- Number of years of Operation: Min 2 years
- Credit Rating of the NBFC should be BBB and above. The rating should be obtained from an RBI approved Credit Rating Agency & the rating should not be more than one year old as on the date of agreement
- The Co-Lender should have a minimum Asset Under Management of Rs.100.00 crs
- The Co-Lender should have presence in more than one state

A master agreement is to be entered between the Co-Lender, which shall inter-alia include, terms and conditions of the arrangement, the specific product lines and areas of operation, along with provisions related to segregation of responsibilities as well as customer interface and protection issues. The Master Agreement may contain necessary clauses on representations and warranties which the co-lenders shall be liable for in respect of the share of the loans taken into its books by the respective co-lenders.

Sharing of Risk and rewards

Both the options would involve sharing of risks and rewards between the Lenders for ensuring appropriate alignment of respective business objectives, as per the mutually decided agreement between the Co-Lender. A minimum 20% 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. However, in case of Co-Lending with the NBFCs, the ratio of co-lending shall be determined on a case to case basis in accordance with the Master Agreement executed with the NBFC.

Commercials:

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

Charge Creation on security:

In case of secured loan, the Company and the relevant Co-Lender shall establish a framework for creation of security and charge, as mutually agreed.

Disbursement to the Customer:

Disbursement to the Customer shall be in accordance with the terms of the Master Agreement executed with respective co-lender partner.

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.

Outsourcing of Services:

The Company will adhere to extant guidelines on outsourcing of financial services and the Outsourcing Policy approved by the Board.

Assignment/ Change in Loan Limits:

Any assignment of loans by any of the Lenders can be done only with the mutual consent of both the Lenders. Further, any change in loan limit of the co-lent facility can be done only with the mutual consent of both the Lenders.

Regulatory Reporting:

Both lenders shall take care of their respective reporting requirements including reporting to RBI, CKYCR, Credit Information Companies or any other requirement, under the applicable regulations for its share of the loan account.

Customer Service & Grievance Redressal:

- a. The Company shall be the single point of interface for the customers and shall enter into a loan

agreement with the borrower, which shall clearly contain the features of the arrangement and the roles and responsibilities between lenders.

b. All the details of the arrangement shall be disclosed to the customers upfront, and their explicit consent shall be taken.

c. The Company should be able to generate a single unified statement of the customer, through appropriate information sharing arrangements with the Lending Partner.

d. The front ending lender, will be primarily responsible for providing the required customer service and grievance redressal to the borrower.

e. With regard to grievance redressal, suitable arrangement must be put in place by the co-lenders to resolve any complaint registered by a borrower with the Partner (loan Originator) within 30 days, failing which the borrower would have the option to escalate the same with the concerned Ombudsman Office or the Customer Education and Protection Cell (CEPC) in RBI.

Monitoring & Recovery:

Company and each Co-Lender shall establish a framework for monitoring and recovery of the loans, regulatory reporting, fraud identification and reporting, as mutually agreed.

Audit & Verification of the Loans:

The loans co-lent or assigned under this Policy may be included in the scope of internal/ statutory audit within each Co-Lender to ensure adherence with their respective internal guidelines and extant regulatory requirements.

Asset Classification and Provisioning:

The Co-Lender shall adhere to the asset classification and provisioning requirement, as per the respective regulatory guidelines applicable to each of them.

Business Continuity Plan:

Both the Co-Lender Partner and Company shall formulate a business continuity plan to ensure uninterrupted service to the borrowers till repayment of the loans under the co-origination agreement or settled as detailed in the SOP.

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.

Policy Severable:

This policy constitutes the entire document in relation to its subject matter. In the event that any term, condition or provision of this policy being held to be a violation of any applicable law, statute or regulation, the same shall be severable from the rest of this policy and shall be of no force and effect, and this policy shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Policy. Further, the regulatory guidelines as prescribed shall prevail in the event of any amendments or requirements not incorporated in the policy.

Review of the Policy

The co-lending Policy shall be subject to periodic review in accordance with any regulatory or statutory

requirement and shall be approved by the Board of the Company.
