

Co-Lending Policy

Hiranandani Financial Services Private Limited

Policy Control

Date	Approved By
26.07.2023	Board of Directors
08.08.2025	Board of Directors
20.01.2026	Board of Directors

Table of Contents

Sr. No.	Particulars	Page No
1	Introduction	3
2	Preamble	3
3	Objective	3
4	Master Agreement between HFSL and Co-Lender(s)	3
5	Products for co-lending	4
6	Co-lending guidelines	4
7	Review of Policy and Administration	7

1. **Introduction**

Hiranandani Financial Services Private Limited (“HFSL”/ “the Company”) is a Systemically Important, Non-Deposit Taking, Non-Banking Financial Company (NBFC-ND-SI) (Middle Layer) focused on providing secured and unsecured lending to the MSME segment in India.

2. **Preamble**

Reserve Bank of India (“RBI”) has issued a master direction dated November 28, 2025 on Transfer and Distribution of Credit Risk) Directions, 2025 (RBI/DOR/2025-26/352 DOR.STR.REC.271/21.04.048 /2025-26) (“Master direction”) superseding its earlier master direction dated November 05, 2020 (RBI/2020-21/63, FIDD.CO.Plan. BC.No.8/04.09.01/2020-21) on Co-Lending by Banks and NBFCs to Priority Sector.

This Board of Directors (“Board”) of the Company has formulated a policy based on the above referred RBI Master direction and the same is adopted by the Company as Co-Lending Policy (“CL Policy”).

3. **Objective**

The Company shall engage with eligible banks, financial institutions and NBFCs (“Co-Lender/Co-Originating Bank”) for exploring Co-Lending (“CL”) opportunities across its existing and new products / segments which qualify as per the Master direction.

4. **Master Agreement between Company and Co-Lender(s)**

A Master Agreement incorporating terms and conditions of CL arrangement between Company and Co-Lender(s) shall be entered into which shall inter-alia include but not be limited to the criteria for selection of borrowers; specific product lines and areas of operation; fees payable for lending services, if any; provisions related to segregation of responsibilities; time-frame for exchanging critical information; customer interface and customer protection issues and grievance redressal mechanism.

The Master Agreement shall provide for the CL arrangement between Company and Co-Lender(s) in terms of clause 5 of the CL Policy.

The Company shall, on the basis of discussion with eligible Co-Lender(s), enter into Master Agreement for implementing the arrangement to jointly fund a portfolio of loans in a pre-agreed proportion, involving revenue and risk sharing.:

5. **Products for Co-lending**

Lending under the CL can be undertaken in all existing products of Company qualifying under the Master direction. It can also be undertaken for any new product that is specifically developed for the purpose of CL.

Detailed credit products, processes, programs etc. will be finalized and documented in the Master Agreement with the Co-Lender(s), on case-to-case basis, keeping in view the scope, customer related issues, other operational aspects, etc.

6. **Co-lending guidelines**

The features of the CL policy are as mentioned below:

7.1 **Board Approved Policy**

The Company through this document, shall ensure the CL Policy to comply with the Master direction and any amendments made thereunder and explore partnerships with Co-Lender(s).

7.2 **Sharing of Risks and Rewards**

For all loans under CL arrangements, Company will directly hold exposure as per the extant RBI Master direction. Company shall hold minimum 10 % share of the individual loans in its books until maturity or less as permitted under RBI master direction. This may be increased subject to agreed appropriate terms and the nature of the mutual agreement with Co-Lender(s).

The Co-Lending Arrangement shall ensure that the respective shares of Company and Co-lender in the co-lent loan are duly and accurately reflected in the books of accounts of both co-lender without undue delay after disbursement by the originating co-lender to the borrower. In any event, such reflection shall be completed **not later than fifteen (15) calendar days from the date of disbursement**.

The originating co-lender shall ensure that any transfer of the loan exposure under the CLA is affected only in favour of the partner co-lender, strictly in accordance with the ex-ante co-lending agreement and as disclosed to the borrower in the Key Fact Statement (KFS) at the time of sanction of the loan.

7.3 **Limits and Criteria**

The company shall enter into CLAs up to maximum of 20% of lending portfolio as reported in latest audited or limited reviewed financial statements.

The target borrower segments will be as per HFS Lending Policy as amended from time to time; due diligence of the partner entities will be conducted before onboarding;

Depending upon the market conditions and business requirements, the Company shall pay the fees, charges, other costs of similar nature if any as approved by Finance & Investment Committee from time to time. The fees, charges, other costs of similar nature if any shall be dependent upon relevant factors such as the nature

of service provided, quantum of loan, etc. The said fees, charges, other costs of similar nature if any shall not involve, directly or indirectly, any element of credit enhancement/ default loss guarantee unless permitted otherwise

7.4 Interest Rate & other charges

- Interest Rate - The ultimate borrower shall be charged an all-inclusive weighted average blended (on a proportionate basis) interest rate as may be agreed upon by both the co-lenders conforming to the extant guidelines applicable to both. Any change in rates by Company and Co-Lender(s) will be made as per their respective Credit policy adopted from time to time and shall be reflected in the updated blended rate and will be communicated to the ultimate borrower.

Fees and Expenses for other activities – Any fees / charges payable by ultimate borrower shall be part of KFS to be issued by Originating RE. The master agreement shall clearly specify the manner of appropriation between the originating and partner co-lender.

- Servicing Fees / Any other commercial terms – As agreed mutually between Company and Co-Lender(s) and documented in the Master Agreement.

7.5 Know Your Customer

The Company and the Co-Lender(s) will adhere to applicable KYC/ AML regulatory guidelines, as prescribed by RBI and any other regulation as stipulated by RBI from time to time. Company may rely upon the originating colender for “Customer Identification Process” as per the provisions of the said Directions on KYC.

7.6 Credit norms

The Company and Co-Lender(s) shall mutually agree upon the various parameters and norms for assessment of credit applications based on the extant applicable RBI guidelines and respective internal policies.

The Company or the Co-Lender(s) shall not outsource the assessment of credit applications to any other third party without prior consent of the other party.

7.7 Borrower Loan documentation

The enabling disclosures of the Co-lending arrangement to be made in the loan agreement and KFS or related documents as mandated in the RBI master direction by originating co-lender

7.8 Escrow Account

Company and Co-Lender(s) shall maintain each individual borrower's account for their respective share in exposures. However, all transactions (disbursements/ repayments) between Company and the Co-lender(s) relating to CL shall be routed through an escrow account maintained with the banks, in order to avoid inter-mingling of funds. The Master Agreement shall clearly specify the manner of appropriation between the co-lenders.

7.9 Monitoring & Recovery

The Co-lender(s) shall establish a framework for monitoring and recovery of the loan as mutually agreed upon, which will be part of Master Agreement.

7.10 Security and Charge Creation

For CL loans, the Company and Co-Lender(s) shall arrange for creation of security and charge as per the mutually agreed terms between them.

7.11 Asset Classification Norms

The Company will apply a borrower-level asset classification in respect of all exposures to a borrower under the Co-Lending Arrangement. Accordingly, where either of the Co-lender classifies its exposure to a borrower under the CLA as Special Mention Account (SMA) or Non-Performing Asset (NPA) on account of default in the CLA exposure, such classification shall be uniformly applied to the corresponding exposure of the other RE to the same borrower under the CLA, irrespective of the status of its individual exposure. The Company will share the relevant information in this regard on a near-real time basis, and in any case latest by end of the next working day or as amended by RBI from time to time.

7.12 Customer Service & Grievance Redressal

- a. The originating co-lender 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 of the Company and Co-Lender(s). The Originating co-lender shall generate a single unified statement of the customer, through appropriate information sharing arrangements with the Lender.
- b. The extant guidelines relating to customer service and fair practices code and the obligations enjoined upon the Co-Lender(s) and the Company shall be applicable *mutatis mutandis* in respect of loans given under the arrangement.
- c. The originating co-lender shall be responsible for grievance redressal, suitably within 30 days, failing which the borrower would have the option to escalate the

- d. same with the concerned Banking Ombudsman/Ombudsman for NBFCs or the Customer Education and Protection Cell (CEPC) in RBI.

7.13 Transfer of Loan Exposure

Any subsequent transfer of loan exposures originated under CLA to third parties, or any inter-se transfer of such loan exposures Company, shall be strictly in compliance with the provisions of Part A of Master Direction. Such transfers to a third party, however, can be done only with the mutual consent of both the co-lender.

7.14 Change in Loan Limits

Any change in CL loan limit being offered under CL arrangements will be done only with the mutual consent of HFSL and Co-Lender(s).

7.15 Audit

The loans under the CL shall be included in the scope of audit. The Co-Lender(s) and the Company to ensure adherence to their respective internal guidelines, terms of the agreement and extant regulatory requirements.

7.16 Business Continuity Plan

A business continuity plan shall be formulated upon mutually agreed terms, to ensure uninterrupted service to the borrowers till repayment of the loans under the CL arrangement, in the event of termination of Master Agreement.

7.17 Default Loss Guarantee

The originating co-lender may provide default loss guarantee up to 5% of loans outstanding in respect of loans under CL arrangement. The provision of DLG shall be governed by the extant regulation .

7.18 Existing Co-Lending Agreements

All Co-Lending Agreements executed before January 01, 2026 shall be in compliance with master direction dated November 05, 2020 (RBI/2020-21/63, FIDD.CO.Plan. BC.No.8/04.09.01/2020-21) on Co-Lending by Banks and NBFCs to Priority Sector.

7.19 Reporting to Credit Information Companies (CIC)

The Company shall adhere to the extant requirements of reporting to CICs for their share of the loan account, as per the provisions of the Credit Information Companies (Regulation) Act, 2005 and the Rules and Regulations issued by RBI therein, from time to time.

7.20 Where the Company acts as a co-lender and is not the originating co-lender under a co-lending arrangement, the provisions of this Policy shall apply, mutatis mutandis, to the Company in its capacity as a co-lending partner.

7. Review of Policy and Administration

The Policy shall be subject to periodic review annually in accordance with any regulatory or statutory requirement and any amendment or modification shall be with approval of the Board. Consequent upon any amendment in RBI guidelines/master directions, necessary changes in this Policy shall be incorporated and approved by the Board. Notwithstanding anything contained in this Policy, in case of any contradiction of the provision of this Policy with any existing legislation, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rule, regulation or enactment shall prevail over this Policy.