

DVARA KSHETRIYA GRAMIN FINANCIAL SERVICES PRIVATE LIMITED

Regd. Off.: 10th Floor, Phase -1, A1, IITM-Research Park,
Kanagam Village, Taramani, Chennai – 600 113

DVARA KSHETRIYA GRAMIN FINANCIAL SERVICES PRIVATE LIMITED	
POLICY	CO-LENDING POLICY
VERSION	2.0
DATE OF APPROVAL OF BOARD	July 25, 2022
DATE OF LATEST APPROVAL BY BOARD	November 12, 2025
PROCESS OWNER	Head, Treasury

Version	Date of Approval
1.0	July 07 2022
1.0 (Annual Review)	August 08, 2023
1.0 (Annual Review)	August 14, 2024
2.0 (updated in lines with latest RBI Directions)	November 12, 2025

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1. Introduction

The Co-Lending Policy (hereinafter referred to as 'the Policy') has been drafted in line with the Reserve Bank of India (Co-lending Arrangements) Directions, 2025, dated August 26, 2025 (hereinafter referred to as "the Directions").

The policy shall be applicable with effect from 1st January 2026. Any new Co-lending Arrangement (CLA) entered by the Company after the effective date shall be in compliance with this policy and the Directions.

***Note:** Existing CLAs (i.e., the lending arrangements executed before the effective date) shall be in compliance with the prior regulations of the RBI (FIDD.CO.Plan.BC.No.8/04.09.01/2020-21 dated November 5, 2020) and the prior version of this policy (version 1.0 dated July 07, 2022 and last reviewed on August 14, 2024).*

2. Definition

CLA refers to an arrangement, formalised through an ex-ante agreement, between the Company - which is originating the loans ('originating Regulated Entity') and another **Regulated Entity (RE)** which is co-lending ('partner RE'), to jointly fund a portfolio of loans, comprising of either secured or unsecured loans, in a pre-agreed proportion, involving revenue and risk sharing.

The Company shall not enter into a CLA with any Partner RE which is not compliant with the Directions.

3. Objective

The Policy covers general principles and practices followed by Dvara Kshetriya Gramin Financial Services Private Limited (hereinafter referred to as 'the Company') in the co-lending of loans with partner REs applicable under the Directions.

The Policy will be applicable to all the categories of products and services offered by the Company under the co-lending model and apply to related operations such as customer sourcing, loan processing, loan servicing and collection activities.

4. Framework

- The Company shall retain a minimum 10% and a maximum 90% share of the individual loans under CLA in its books.
- The Company shall put in place a Board approved annual operating plan (AOP) which fixes the internal limit of CLA as a proportion of its lending portfolio.
- It shall conduct due diligence of the partner RE, in terms of products, interest rate & fees / charges, market size, and the economic benefits of entering the CLA. A suitable note shall be placed to its ALCO for approval of the partner RE and the CLA.
- The CLA agreement to be entered shall include detailed terms and conditions of the arrangement; the criteria for selection of borrowers; specific product lines and areas of

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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 loan agreement signed with the borrower shall make an upfront disclosure regarding the segregation of the roles and responsibilities (such as sourcing, and servicing) of concerned REs, including clear identification of the entity being the single point of interface with the customer. Any subsequent change in customer interface shall only be done after prior intimation to the borrower. The loan-agreement shall also appropriately disclose suitable provisions related to customer protection, and grievance redressal mechanism.
- All required details of CLA shall be disclosed appropriately to the concerned borrower as laid down under RBI Circular on 'Key Facts Statement (KFS) for Loans & Advances' dated April 15, 2024 as amended from time to time.

5. Interest Rate and Fees / Charges:

- The interest rate and any other fees / charges on the underlying loans charged to the borrower shall be based on the contractual agreement, subject to the regulatory norms.
- The final interest rate charged to the borrower shall be the blended interest rate which is calculated as an average rate of interest derived from the interest rates charged by the Company and its Partner RE(s), weighted by the proportionate funding share under the CLA.
- Any change in rates by respective REs under CLA will be made as per their credit policy and extant regulatory norms, and the same shall be reflected in the updated blended rate and communicated to the borrower.
- Any fees / charges payable by the borrower in addition to the blended interest rate shall be incorporated in computation of annual percentage rate (APR) and disclosed appropriately in the Key Facts Statement (KFS).

6. Know Your Customer (KYC):

The partner REs shall adhere to applicable KYC/ AML guidelines, as prescribed by the RBI.

7. Operational Arrangements:

- The CLA shall entail an irrevocable commitment on the part of partner RE to take into its books, on back-to-back basis, its share of the individual loans as originated by the Company.
- The respective shares of the REs shall be reflected in the books of both REs without delay after disbursement by the Company to the borrower, in any case not later than 15 calendar days from the date of disbursement.
- If the Company is unable to transfer the share of the exposure to the partner RE under CLA within 15 calendar days for any reason, then the loan/s shall remain on the books of the Company and can be hypothecated or transferred to other lenders under DA or PTC route.
- The Company shall maintain each borrower's account individually for its respective share.

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- All transactions (disbursements / repayments) between the REs, as well as with the borrower, shall be routed through an escrow account of a bank (which could also be one of the REs involved in the CLA). The agreement shall clearly specify the manner of appropriation between the originating and partner REs.
- The loans under the CLA shall be included in the scope of internal/ statutory audit in each RE to ensure adherence to their respective internal guidelines, terms of the agreement and applicable regulatory requirements.
- REs shall implement a business continuity plan to ensure uninterrupted service to their borrowers till repayment of the loans, in the event of termination of CLA between the REs.
- REs shall be guided by the fair practice code and grievance redressal mechanism as applicable to them.

8. Reporting to Credit Information Companies (CICs)

Each RE 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.

9. Default Loss Guarantee

The Company may provide default loss guarantee (DLG or DLDG) up to 5% of loans outstanding in respect of loans under CLA. Provision of such default loss guarantee shall be governed mutatis mutandis in terms of the RBI Digital Lending Directions, 2025 as amended from time to time.

10. Monitoring & Recovery:

Partner REs shall put in place a framework for day-to-day / periodic monitoring and recovery of the loan, as mutually agreed upon.

11. Security and Charge Creation:

The Partner REs shall arrange for creation of security and charge as per mutually agreeable terms.

12. Asset Classification and Loan Provisioning:

- Partner REs shall apply a borrower-level asset classification for their respective exposures to a borrower under CLA, implying that if either of the REs classifies its exposure to a borrower under CLA as SMA / NPA on account of default in the CLA exposure, the same classification

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shall be applicable to the exposure of the other RE to the borrower under CLA. REs shall put in place a robust mechanism for sharing relevant information in this regard on a near-real time basis, and in any case latest by end of the next working day.

- The Company shall follow its independent loan provisioning requirements, based on its ECL Policy and ECL model, on its share of the exposure of the loan account.

13. Transfer of Loan Exposures:

Any subsequent transfer of loan exposures originated under CLA to third parties, or any inter-se transfer of such loan exposures between REs, shall be strictly in compliance with the provisions of RBI Transfer of Loan Exposures Directions. Such transfers to a third party, however, can be done only with the mutual consent of both the originating and partner REs.

14. Disclosures

- The Company shall prominently disclose on its website, a list of all active CLA partners.
- The Company shall make appropriate disclosures in their financial statements, under 'Notes to Accounts', relating to necessary details of CLAs on an aggregate basis. The details may inter alia include quantum of CLAs, weighted average rate of interest, fees charged / paid, broad sectors in which CLA was made, performance of loans under CLA, details related to default loss guarantee, if any, etc. The disclosure shall be done on quarterly/annual basis, as applicable.

15. Accounting

The Company shall adhere to the applicable Indian Accounting Standards (IND AS), while booking of unrealised profit under CLAs, if applicable. However, such profits, shall be deducted from CET 1 capital or net owned funds for meeting regulatory capital adequacy requirement till the maturity of such loans.

16. Review

The Board will review this policy at annual intervals and at such intervals as may be required on the regulatory, statutory and other exigencies.