

**CO-LENDING POLICY
of****Edgro Finance Private Limited****Approved by the Board of Directors of
Edgro Finance Private Limited****On August 27, 2025**

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Version	Approved on	Comments/ Remarks/ Changes	Prepared By
01	June 29, 2024	Initial Policy approved	Lending Alliance
03	June 17, 2025	Annual Review	Lending Alliance
04	August 27, 2025	Policy update based on Co-lending guidelines released in Aug'25	Lending Alliance

1. Background

The Reserve Bank of India ("RBI") has issued a circular on Co-Lending by Banks and NBFCs including HFCs ("**Circular**") dated August 06, 2025, applicable for Co- origination of loans by Banks and NBFCs for Priority Sector lending as well as any other lending. The Circular requires the NBFCs to formulate a board approved policy for Co-lending.

2. Co-lending

Co-lending is where two or more lenders, banks and NBFCs including HFCs come together to lend a loan to a particular borrower on the prior agreement between themselves and in compliance with the Circular and other regulatory requirements applicable from time to time.

3. Objective

Edgro Finance Private Limited ("**Edgro Finance**") proposes to partner with eligible banks or NBFCs to co-lend in line with the Circular and other regulatory requirements applicable from time to time. This policy lays down the general principles and practices to be followed by Edgro Finance in co-lending in partnership with banks or NBFCs ("**CLM Policy**").

4. Applicability and Scope

The CLM Policy will be applicable to Edgro Finance with reference to:

- 4.1. all the existing and new categories of products of Edgro Finance.
- 4.2. all new co-lending arrangements made by Edgro Finance with the banks or NBFCs, directly or through any intermediary or platform.

5. Threshold

Edgro Finance's co-lending book shall not exceed the amount approved by the board (as part of the business plan) from time to time.

6. Process

The process of co-lending will broadly involve the following stages:

- 6.1. Identification and evaluation of the partner bank/ NBFCs.
- 6.2. Finalization of the credit policy and post-sanction obligations of the Parties.
- 6.3. Entering into legal agreements with the identified partner bank/ NBFCs.
- 6.4. Building tech integration and capabilities with the partner bank/ NBFCs.
- 6.5. Opening of the escrow account with the partner bank/any bank, as mutually acceptable.
- 6.6. Go live with the partner bank/ NBFCs.

7. Review of the CLM Policy

This CLM Policy shall be reviewed by the board as and when required under the regulatory/statutory requirement.

8. Delegation

Authority to approve the arrangements within the ambit of this policy or deviation in day or day operations shall be with WTD. Any policy deviation(s) in this CLM Policy shall be made with Board Approval.

in exceptional cases, if any deviation is approved by WTD in credit policy, then the same need to be approved in subsequent Board Meeting.

9. Types of arrangement

The Company can partner with banks or NBFCs, on such terms and conditions as detailed herein below:

9.1 Co-lending with Banks or NBFCs

Edgro Finance shall enter into a master agreement with the selected bank or NBFC to implement the co-lending model ("**Master Agreement**"), in compliance with Circular and / or applicable regulations i.e. the Master Agreement to be entered between the Edgro Finance and Bank / NBFC partners shall include detailed terms and conditions of the arrangement; 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 entails a prior, irrevocable commitment on the part of the partner NBFC to take into its books its share of the individual loans as originated by Edgro Finance. This arrangement must comply with the extant guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by Banks / NBFCs issued by RBI. In particular, the partner bank / NBFC and Edgro Finance have to put in place suitable mechanisms for ex-ante due diligence by the partner bank / NBFC as the credit sanction process cannot be outsourced under extant guidelines. The partner bank or NBFC shall also comply with the Master Directions – Know Your Customer (KYC) Direction, 2016, as updated from time to time, which already permit regulated entities (RE), at their option, to rely on

customer due diligence done by a third party i.e. Edgro Finance, subject to specified conditions.

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 Edgro Finance and bank / NBFC partner, 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 the redressal grievance mechanism.

'The partner bank / NBFC and Edgro Finance shall collectively be referred to as the "**Parties**" and individually as the "**Party**".

9.2 FEATURES OF THE ARRANGEMENT

9.2.1 Sharing of Risk and Rewards

Under co-lending model, the partner bank / NBFC and Edgro Finance will be sharing the risks and rewards as per the Master Agreement negotiated between both Parties prior to any loan disbursements. A minimum of ten (10) percent of the credit risk by way of direct exposure shall be on Edgro Finance's books till maturity in accordance with the Circular. This may be increased subject to the terms of the Master Agreement.

Edgro Finance may provide default loss guarantee up to five (5) per cent of loans outstanding in respect of loans under co-lending model. Provision of such default loss guarantee shall be governed mutatis mutandis in terms of the Reserve Bank of India (Digital Lending) Directions, 2025 (MD-DLD) as amended from time to time.

9.2.2 Interest Rate

Edgro Finance would have the flexibility to price their part of the exposure, while the partner bank or NBFC shall price its part of the exposure in a manner that fits as per their respective risk appetite/ assessment of the customer and the RBI regulations issued from time to time. Based on the respective interest rates and proportion of risk sharing, a single blended interest rate will be offered to the ultimate customer in the case of fixed rate loans. In the scenario of floating interest rates, a weighted average of the benchmark interest rates in proportion to the respective loan contribution will be offered. However, notwithstanding the charging of a single blended/weighted average rate of interest from the customer, the repayment/recovery of interest shall be shared between the Bank and Edgro Finance in proportion to their share of credit and interest. The interest charged by the bank or NBFC for its portion of credit shall be subject to applicable directions on interest on advances.

9.2.3 Other costs

The processing fee and other costs are to be shared in a ratio as agreed between the Parties and listed in the Master Agreement, subject to the regulatory norms applicable from time to time.

9.2.4 Credit Appraisal & Loan Sanction

The credit policy of Edgro Finance and bank / NBFC partner shall suitably incorporate provisions relating to co-lending model, including the internal limit for the proportion of their lending portfolio under co-lending model; target borrower segments; due diligence of the partner banks / NBFCs; customer service and grievance redressal mechanism.

A detailed SOP to be created in discussion with the partner bank / NBFC in line with the Master Agreement, to lay down the credit appraisal process. Based on the SOP, the process of issuance of sanction letter and execution of the loan agreement is to be followed.

9.2.5 Escrow Account

The partner bank / NBFC and Edgro Finance shall open an escrow account with the partner bank/mutually agreed bank. The mechanism of operation of the escrow account to be detailed in the SOP.

All transactions (disbursements / repayments) between the Edgro Finance and partner Bank / NBFC, as well as with the borrower, shall be routed through the escrow account maintained with the partner bank/mutually agreed bank. The agreement shall clearly specify the manner of appropriation between the originating and partner REs.

9.2.6 Customer Account Balance/Unified Account Statement

The customer loan statement is maintained at the individual customer level by the Parties for their respective share. Edgro Finance should be able to generate a single unified customer statement & share with the customer.

9.2.7 Accounts Monitoring & Recovery

The Parties shall create the framework for day-to-day monitoring and recovery of the loan, as mutually agreed upon in the Master Agreement.

9.2.8 Change in Loan Limits

Any change in loan limits shall be subject to the mutual consent of both the Parties.

9.2.9 Security and Contractual Comfort

The Parties shall ensure the creation of security and/or contractual comfort, if any as per mutually agreeable terms.

9.2.10 Provisioning/Reporting Requirement

Each of the Parties shall follow its independent provisioning requirements including declaration of account as NPA, as per the regulatory guidelines applicable to

each of them for their respective shares.

9.2.11 Credit Bureau Reporting

Each of the Parties shall carry out their respective reporting requirements including reporting to Credit Information Companies, under the applicable law and regulations for their portion of loan.

9.2.12 Assignment

Any assignment of loans by any of the Parties can be done only with the mutual consent of the other Party.

9.2.13 Customer Service & Grievance Redressal

It shall be the responsibility of Edgro Finance:

- to explain to customers regarding the difference between products offered through the co-lending model as compared to its own products, if applicable.
- to provide the required customer service and grievance redressal to the customer within thirty (30) days. In case the complaint is not resolved within thirty (30) days, the customer will have the option to escalate the same with the concerned bank / NBFC ombudsman/ombudsman for Edgro Finance as laid out in the fair practices code adopted by Edgro Finance /co-lending bank / NBFC partner.

9.2.14 Business Continuity Plan

Both the Parties shall formulate a business continuity plan to ensure uninterrupted service to the customers till repayment of the loan.

9.2.15 Outsourcing of Services

Edgro Finance, as an outsourcing partner of the Bank / NBFC under co-lending model, will adhere to extant guidelines on outsourcing of financial services and its outsourcing policy approved by the Board.

9.2.16 Other Policies & Guidelines

Edgro Finance will ensure that it adheres to the (i) regulations prescribed by the RBI/any other relevant regulatory body; and (ii) Edgro Finance's internal policies for any loan that has been disbursed under 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 Edgro Finance.

The policy is framed in accordance with the Reserve Bank of India circular on Co-Lending by Banks and NBFCs including HFCs dated August 06, 2025.

(End of the Policy)