

KOGTA FINANCIAL (INDIA) LIMITED

CO-LENDING POLICY
Extract of Investment Policy

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Chapter II CO-LENDING POLICY

1) Objective

This annexure sets out the framework for all co-lending arrangements ("CLA") intends to be undertaken by the Company with other regulated entities ("REs"). It is intended to ensure that co-lending is undertaken only through structures permitted under applicable RBI directions and with clear allocation of funding, risk, servicing and customer responsibilities.

2) Regulatory Framework

The Co-Lending Arrangements shall be governed by RBI – Transfer and Distribution of Credit Risk Directions, 2025.

The Company will adhere to applicable KYC/ AML regulatory guidelines and any other regulation as stipulated by RBI from time to time.

3) Engagement Models with Banks / Financial Institutions

The Company may enter Co-Lending Arrangements under the following broad structures:

Model 1 – Joint Lending (Pre-Disbursement)

- Both lenders jointly originate and fund the loan
- Each lender retains its share of exposure from inception
- Independent due diligence may be carried out by both lenders

Model 2 – Post Disbursement Participation

- Loans originated by the Company may be shared with partner lenders within 15 days of disbursement

4) Products for Co-Lending

The Company may undertake co-lending for the following category of products:

- Wheels including construction equipment
- MSME loans
- Loan Against Property
- Any other product approved under loan & credit policy of the company

5) Structure and minimum participation

- Each CLA shall be governed by an ex-ante master agreement approved by the Loan & Investment Committee.
- The company shall retain a minimum 10% share of each individual loan on its books, or such higher share as contractually agreed.
- The respective shares of the REs shall be reflected in the books of both REs.
- Inter-se servicing fees / processing economics / revenue sharing shall be on arm's length basis and shall not amount to hidden credit enhancement, except where expressly permitted.
- Responsibility of creation and perfection of security shall be governed by each CLA.

6) Co-Lending Principles

The Co-Lending arrangements shall adhere to the following principles:

a) Sharing of Risk and Rewards

- Loans shall be funded in a pre-agreed proportion between the Company and the partner RE
- Each lender shall bear credit risk in proportion to its share

- The Company shall not provide any credit enhancement except permitted Default Loss Guarantee (DLG) structures in compliance with RBI guidelines.
- The Company shall not provide implicit guarantees, discretionary support, side letters, first-loss support.

b) Credit Appraisal

- The credit standards of loans originated under co-lending shall be in line with the loan & credit policy of the company.
- The partner SOP shall clearly specify underwriting standards, approval hierarchy, documentation standards and decline / exclusion criteria.
- Each lender may conduct independent due diligence

c) Loan Sanction & Documentation

- A single loan agreement shall be executed with the borrower
- The loan agreement shall disclose the roles and responsibilities of the Company and the partner RE.
- Borrower consent shall be obtained wherever required

d) Interest Rate & Charges

- All details required under the KFS / APR framework, including blended rate and all borrower-payable charges, shall be disclosed to the borrower in the prescribed format.

e) Disbursement Mechanism & Accounting

- All disbursements and repayments between REs and with the borrower shall be routed through an escrow account
- Disbursement shall be made proportionate to the agreed share defined in the master agreement.

f) Servicing & Collection Mechanism

- The Company shall act as servicing agent and shall act as the single point of interface for customer servicing unless the agreement specifically provides otherwise and borrowers are duly informed.
- The master agreement shall set out appropriation waterfall, settlement timeline, TAT for reconciliation, reversal handling, refund handling and treatment of suspense items.
- No commingling of the Company's own funds with borrower / partner funds shall be permitted beyond contractually and operationally necessary transient balances.

g) Asset Classification, Provisioning & CIC reporting

- Each RE shall report to CICs for its own share of the co-lent account.
- The REs shall apply borrower-level asset classification across CLA exposures.

h) Grievance Redressal

- The Company shall act as single point of interface
- Customer grievances shall be handled as per the grievance redressal mechanism of the company and RBI Ombudsman framework.

i) Assignment / Exit

- Either lender may transfer its exposure to permitted entities
- Such transfer shall comply with applicable RBI guidelines
- No restriction shall be imposed on transferee rights

j) Business Continuity

- The company shall continue as servicing agent until full repayment of the loan and shall not be affected by termination of the co-lending arrangement.
- The Master Agreement shall provide for **servicer replacement** in case of operational, financial, or regulatory issues, ensuring seamless transition.
- The Company shall maintain adequate **data integrity and system capability** to support continuity and enable transfer of servicing, if required.

- Any change in servicer, if applicable, shall be communicated to borrowers without impacting loan terms or repayment obligations.

k) Disclosures

The Company shall maintain website disclosures of active CLA partners and notes-to-accounts disclosures on an aggregate basis as applicable under the RBI framework and accounting / disclosure directions.

7) Parties Involved

Parties to be involved in the transaction including trustee, legal counsel, rating agency etc (if any) to be mutually decided between the REs to the transaction. L&I Committee shall be the final authority to approve all the parties.