

# BHANIX FINANCE AND INVESTMENT LIMITED

## CO-LENDING POLICY

<b>Date of Approval by Board of Directors</b>	<b>Reviewed By</b>	<b>Approved By</b>	<b>Version No</b>	<b>Last Review Date</b>
<b>May 26, 2026</b>	<b>Chief Executive Officer (CEO)</b>	<b>Board Of Directors</b>	<b>3</b>	<b>March 21, 2025</b>

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## 1. ABOUT THE COMPANY

Bhanix Finance and Investment Limited (hereafter referred to as 'BFIL' or 'the Company') is a public limited company registered under the Companies Act, 1956, licensed as a Non-Deposit Taking Non-Banking Financial Company Base Layer (NBFC-ND-BL) by the Reserve Bank of India (RBI) as per Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions. BFIL is in the business of lending short-term unsecured personal loans.

## 2. INTRODUCTION TO CO-LENDING POLICY

A Co-Lending Arrangement (**CLA**) is a formalised arrangement, through an ex-ante agreement, between a Regulated Entity which is originating the loans ('**Originating RE**') and another Regulated Entity which is co-lending ('**Partner RE**') [hereinafter both referred as **Regulated Entities (RE's)/Co-lenders**], to jointly fund a portfolio of loans – comprising either secured or unsecured loans – in a pre-agreed proportion, involving revenue and risk sharing.

This co-lending policy ("**Policy**") has been drafted keeping in mind the prevailing business environment. The Policy lays down the structure and process of entering into co-lending arrangements with other Regulated Entities (banks and NBFCs).

## 3. APPLICABILITY/ ELIGIBILITY

The Company can enter into CLAs with all Scheduled Commercial Banks (except SFBs, RRBs and LABs), All-India Financial Institutions, Non-Banking Financial Companies (NBFCs) including Housing Finance Companies (HFCs).

The CLAs shall not apply to loans sanctioned under multiple banking arrangements, consortium lending and syndication.

Digital Lending Arrangements (DLA) shall continue to be governed by the RBI (Non-Banking Financial Companies – Credit Facilities) Directions, 2025. However, any digital lending arrangement involving co-lending by REs shall, without derogation to the aforesaid Directions, be guided by this Policy and the RBI Directions, 2025.

## 4. MASTER AGREEMENT (CO-LENDING ARRANGEMENT)

### 4.1 Master Agreement

A master agreement is to be entered between the Co-lenders, which shall inter-alia include, detailed terms and conditions of the arrangement, criteria for selection of borrowers, fees payable for lending services (if any), time frame for exchanging critical information, grievance redressal mechanism, 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.

- Risk/ Revenue Share: The RE’s will take their share of the individual loans on a back-to-back basis in their books. However, the Company may choose to retain a share (typically 10% but could vary from case to case) of the individual loans on their books. Such agreement may provide either for the Partner RE to mandatorily take their share of the individual loans as originated by the Company in their books or retain the discretion to reject certain loans subject to its due diligence.

Model 1	Model 2
<p>If the Agreement entails a prior, irrevocable commitment on the part of the Partner RE to take into its books its share of the individual loans as originated by the Company, the arrangement must comply with the Directions on Reserve Bank of India (Non-Banking Financial Companies – Managing Risks in Outsourcing) Directions, 2025 (RBI/DOR/2025-26/363 DOR.ORG.REC.No.282/21-04-158/2025-26) dated November 28, 2025 as amended and updated from time to time. In particular, the Partner RE and the Company shall have to put in place suitable mechanisms for ex-ante due diligence by the Partner RE as the credit sanction process cannot be outsourced under the extant guidelines on Outsourcing.</p>	<p>If the Partner RE exercises its discretion regarding taking into its books the loans originated by the Company per the CLA master agreement, the arrangement will be akin to a direct assignment transaction. Accordingly, the taking over Partner RE shall ensure compliance with all the requirements in terms of Reserve Bank of India (Non-Banking Financial Companies – Transfer and Distribution of Credit Risk) Directions, 2025 (RBI/DOR/2025-26/352 DOR.STR.REC.271/21.04.048 /2025-26) as updated from time to time, with the exception of Minimum Holding Period (“MHP”) which shall not be applicable in such transactions undertaken in terms of this CLA.</p>
<p>The Partner RE shall also be required to comply with the Master Directions - Reserve Bank of India (Non-Banking Financial Companies – Know Your Customer) Directions, 2025 (RBI/DOR/2025-26/361 DOR.AML.REC.No.280/14.01.003/2025-26) dated November 28, 2026 and updated from time to time, which already permit regulated entities, at their option, to rely on customer due diligence done by a third party, subject to specified conditions.</p>	<p>The MHP exemption shall be available only in cases where the prior agreement between the RE’s contains a back-to-back basis clause and complies with all other conditions stipulated in the guidelines for direct assignment.</p>

- Geographical Scope:  
The Co-lenders can agree upon the geographical scope of the lending in the master agreement depending on the branch location and customer of the Company.

- Servicing of Loans:  
The Company shall continue to service the loans on behalf of the Partner RE as agreed in the master agreement.
- Credit Policy:  
The Company's credit policy shall suitably incorporate provisions relating to CLAs, including: the internal limit for the proportion of the lending portfolio under CLAs; target borrower segments; due diligence of partner entities; and customer service and grievance redressal mechanisms.

#### **4.2 Due Diligence**

The Company being the originator of the loans shall adhere to Reserve Bank of India (Non-Banking Financial Companies – Know Your Customer) Directions, 2025 and any other regulation as stipulated by RBI from time to time.

#### **4.3 Customer-Related Issues**

- 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 CLA and the roles and responsibilities (such as sourcing and servicing) of the Co-lenders.
- Any subsequent change in customer interface shall only be done after prior intimation to the borrower.
- All the details of the arrangement shall be disclosed to the customers upfront, and their explicit consent shall be obtained.
- The loan agreement shall appropriately disclose suitable provisions related to customer protection and grievance redressal mechanisms.
- The Company should be able to generate a single unified account statement of the customer, through appropriate information-sharing arrangements with the Partner RE.

#### **4.4 Interest Rates**

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 applicable to both REs. The key principles are:

The final interest rate charged to the borrower shall be the blended interest rate, calculated as a weighted average of the interest rates charged by the respective co-lenders as per their internal lending policies and the risk profile of the borrower, weighted by the proportionate funding share of each RE under the CLA.

Any change in rates by respective REs under the CLA shall be made as per their credit policies and extant regulatory norms, and the updated blended rate shall be communicated to the borrower.

Any fees/charges payable by the borrower in addition to the blended interest rate shall be incorporated in the Annual Percentage Rate (APR) and disclosed in the Key Facts Statement (KFS) as required under the RBI (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025.

Fees/charges under a CLA shall not involve, directly or indirectly, any element of credit enhancement or Default Loss Guarantee (DLG) unless explicitly permitted. The Company shall lay down objective criteria for fees/charges payable for lending services, depending on the nature of service provided, quantum of loan, and other relevant factors.

#### **4.5 Redressal of Grievance**

With regard to grievance redressal, suitable arrangements must be put in place by the RE's to resolve any complaint registered by a borrower with the Company within 30 days, failing which the borrower would have the option to escalate the same with the concerned Banking Ombudsman/ Ombudsman for NBFCs or the Customer Education and Protection Cell (CEPC) in RBI.

The RE's shall be guided by the fair practice code as applicable to RE's.

#### **4.6 Escrow Account And Operational Arrangements**

The RE's shall maintain each borrower's account for their respective exposures. However, all transactions (disbursements/repayments) between the RE's as well as with the borrower relating to CLA shall be routed through an escrow account maintained with the escrow bank, to avoid intermingling of funds. The master agreement shall clearly specify the manner of appropriation between the Originating and Partner REs.

The respective shares of the RE's shall be reflected in the books of the RE's without delay after disbursement by the Company to the borrower, in any case not later than 15 calendar days from the date of disbursement.

The Company, as originating RE, shall ensure that it transfers the loan under the CLA only to the Partner Lender as per the ex-ante agreement and as specified in the KFS at the time of sanction.

If the Originating RE is unable to transfer the share of the exposure to the Partner RE within 15 calendar days for any reason, the loan/s shall remain on the books of the Company and can be transferred to other eligible lenders only under the RBI Directions, 2025.

#### **4.7 Security & Charge Creation**

The Company along with Partner RE shall arrange for creation of security and charge as per mutually agreed terms in case of secured loan if any.

#### **4.8 Monitoring and Recovery**

There shall be a system and framework for monitoring all the processes, i.e., Loan Origination, Loan Management, Disbursements, Collection and Recovery, as mutually agreed upon with the respective REs in the master agreement unless otherwise specified.

#### **4.9 Asset Classification, Provisioning And Reporting Requirements**

Each Co-lender shall adhere to the asset classification and provisioning requirement, as per the respective regulatory guidelines applicable to each of them including reporting to Credit Information Companies (CICs), under the applicable regulations for its share of the loan account. The Co-lenders shall apply borrower-level asset classification for their respective exposure to a borrower under CLA. If either RE classifies its exposure to a borrower under CLA as SMA/NPA on account of default in the CLA exposure, the same classification shall be applicable to the exposure of the other RE to that borrower under CLA. Each RE shall put in place a robust mechanism for sharing relevant information with other RE on a near-real time basis, and in any case latest by end of the next working day.

#### **4.10 Minimum Retention Requirement**

The Company, as a participating RE under a CLA, shall be required to retain a minimum 10% share of each individual loan in its books at all times. This requirement applies irrespective of the nature of the partner RE (whether a Bank, AIFI, or NBFC).

Unrealized profits, if any, booked by the Company under a CLA shall be deducted from CET1 capital or net owned funds for the purpose of meeting regulatory capital adequacy requirements until the maturity of such loans, in compliance with the applicable accounting standards.

#### **4.11 Audit**

The loans under the CLA shall be included in the scope of internal/statutory audit to ensure adherence to respective internal guidelines, terms of the master agreement and extant regulatory requirements.

The master agreement shall provide for verifications by the auditors of both the Company and the Partner RE. All relevant information and audit reports shall be available for verification by supervisors from the RBI during supervision of REs.

#### **4.12 Assignment / Transfer of Loan Exposures**

Any subsequent transfer of loan exposures originated under a CLA to third parties, or any inter-se transfer of such loan exposures b/w the REs, shall be strictly in compliance with the provisions of RBI Directions, 2025. Such transfers to a third party can only be done with the mutual consent of RE's.

#### **4.13 Business Continuity Plan**

The RE's shall implement a business continuity plan to ensure uninterrupted service to their borrowers till repayment of the loans under the CLA, in the event of termination of the CLA between the RE's.

## 5. DEFAULT LOSS GURANTEEE (DLG)

The Company, as originating NBFC, may provide a Default Loss Guarantee (DLG) up to five per cent (5%) of loans outstanding in respect of loans under any CLA.

A DLG is a contractual arrangement, by whatever name called, under which the originating RE guarantees to compensate the partner RE for losses due to default up to a certain percentage of the loan portfolio, specified upfront. Any other implicit guarantee of a similar nature linked to the performance of the loan portfolio shall also be covered under DLG.

The provision of any DLG shall be governed, mutatis mutandis, in terms of Reserve Bank of India (Non-Banking Financial Companies - Credit Facilities) Directions, 2025, as amended from time to time. Fees/charges under a CLA shall not involve, directly or indirectly, any element of credit enhancement or DLG unless explicitly permitted.

## 6. DISCLOSURES

- Website Disclosure: The Company shall prominently disclose on its website a list of all active CLA partners, in addition to all other applicable disclosure requirements under extant regulations.
- Financial Statement Disclosures: The Company shall make appropriate disclosures in its financial statements under 'notes to accounts' relating to necessary details of CLAs on an aggregate basis. The details shall 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 DLG, if any. Such disclosure shall be made on an annual basis or as otherwise applicable to the Company.
- KFS Disclosure: All required details of a CLA shall be disclosed appropriately to the concerned borrower as laid down in the Key Facts Statement (KFS) for loans & advances under the Reserve Bank of India (Non-Banking Financial Companies - Responsible Business Conduct) Directions, 2025.

## 7. INFORMATION TECHNOLOGY INTEGRATION

The following processes be enabled through IT integration:

- Rule based application for automation of appraisal and sanction.
- Escrow type common account for pooling respective loan contributions for disbursal as well as to appropriate loan repayments from borrowers.
- Generation of a single unified statement to the customer.
- MIS for disbursement, repayment due and recoveries made.

## 8. REVIEW OF THE POLICY

This Policy shall be reviewed by the Committee/Board annually or as and when any changes are to be made in the Policy or at such intervals as may be considered necessary to ensure compliance with any regulatory or statutory requirement from time to time. Any changes in or modifications to the Policy as recommended by the Committee shall be presented to the Board for approval.

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**Version Control**

<b>Version</b>	<b>Description of change</b>	<b>Author</b>	<b>Effective Date</b>
V1	Approval of Policy	CFO	February 28, 2024
V2	Review of Policy- No change	CFO	March 21, 2025
V3	Review of Policy	CFO	May 26, 2026