

LENDINGKART FINANCE LIMITED

**FRAMEWORK FOR CO-LENDING WITH BANKS WITH RESPECT TO
ORIGINATION OF PSL ASSETS**

(last approved on November 12, 2025)

1. Preamble

Lendingkart Finance Limited (LFL), a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI), is committed to promoting credit access for Micro and Small Enterprises (MSEs) and other eligible segments under the Priority Sector Lending (PSL) framework.

To achieve this, LFL partners with Scheduled Commercial Banks through co-lending arrangements, leveraging its digital origination capabilities and operational infrastructure.

This Policy defines the guiding principles, regulatory alignment, and operational framework for co-lending of PSL assets with Banks.

2. Background and Regulatory Framework

This Policy is formulated in accordance with the following regulatory guidelines and directions issued by the Reserve Bank of India (RBI):

- **RBI Circular on Co-Lending by Banks and NBFCs to Priority Sector** dated November 05, 2020 (RBI/2020-21/63 FIDD.CO.Plan.BC.No.8/04.09.01/2020-21).
- **RBI Co-Lending Arrangements Directions, 2025** (RBI/DOR/2025-26/139 DOR.STR.REC.44/13.07.010/2025-26) effective from January 01, 2026.
- **Master Direction on Transfer of Loan Exposures, 2021** (RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021).
- **RBI Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by Banks** (March 11, 2015).

This Policy supersedes earlier frameworks to align LFL's co-lending practices with the updated regulatory environment while ensuring efficient credit delivery under PSL.

3. Objective and Scope

The objective of this Policy is to establish a uniform governance and operational framework for co-lending partnerships between LFL and Banks specifically for **Priority Sector Lending (PSL) assets**.

It aims to:

- Enhance credit outreach to eligible PSL sectors through collaborative arrangements.
 - Ensure regulatory compliance, transparency, and customer protection.
 - Define risk-sharing principles and operational responsibilities between LFL and partner Banks.
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4. Applicability

This Policy applies to all co-lending programs and arrangements executed between LFL and Scheduled Commercial Banks **exclusively for PSL loans**.

It covers the complete loan lifecycle — origination, disbursement, servicing, and recovery operations — for PSL assets only.

5. Definitions

- **Co-Lending Arrangement (CLA):** A pre-agreed framework between a Bank and an NBFC for joint origination and funding of PSL loans with shared risk and reward.
 - **Originating RE:** The entity responsible for loan sourcing, underwriting, and initial disbursement (LFL).
 - **Partner RE:** The co-lending Bank participating in joint funding of PSL loans.
 - **PSL:** Priority Sector Lending as defined under RBI's Master Directions on PSL, covering agriculture, MSMEs, education, housing, and other eligible sectors.
 - **MCLA:** Master Co-Lending Agreement between LFL and the partner Bank outlining operational and commercial terms.
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6. Co-Lending Operational Framework for PSL Assets

Under this Policy, LFL shall enter into **Master Co-Lending Agreements (MCLAs)** with partner Banks to jointly originate and service PSL loans.

Key operational principles include:

- LFL shall retain a **minimum of 20%** of each PSL loan on its books.
 - The partner Bank shall take **80% of the loan exposure** on a back-to-back basis within **15 calendar days** from disbursement.
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- Loan origination and underwriting shall follow mutually approved credit norms consistent with RBI’s PSL eligibility.
- Each entity shall maintain separate loan accounts for its respective share and comply with independent provisioning and reporting requirements.

7. Roles and Responsibilities

LFL (Originating RE)	Partner Bank (Co-Lender)
Loan sourcing, borrower due diligence, and KYC verification	Provide funding for its share of exposure
Loan disbursement, servicing, and collection management	Post-disbursement monitoring and compliance review
Customer servicing, grievance redressal, and portfolio reconciliation	Reporting PSL exposure to RBI under applicable guidelines
Compliance with RBI’s Co-Lending Directions, 2025	Ensuring credit and operational risk controls

Both parties must maintain data integrity, clear audit trails, and adhere to agreed risk management practices.

8. Escrow and Fund Flow Mechanism

All co-lending disbursements and repayments shall be routed through a **jointly operated escrow account** maintained with the partner Bank.

This ensures transparent fund flow, segregation of exposures, and proper reconciliation. The **Master Co-Lending Agreement** shall specify the methodology for receipt allocation, interest distribution, and recovery adjustment.

9. Risk Retention and Compliance

LFL shall **retain a minimum of 20% of each PSL loan** as per RBI’s 2020 Co-Lending Circular.

Both co-lenders shall follow independent asset classification and provisioning in line with RBI’s prudential norms.

Any deviation or exception must be approved by the **Borrowing Committee** and reported to the Board.

10. Customer Interface and Transparency

- LFL shall be the **single point of interface** for the borrower.
 - A **tripartite loan agreement** shall clearly outline the roles and obligations of both lenders.
 - Borrowers must receive a **unified loan statement** reflecting full details of repayment, charges, and interest rate break-up.
 - Transparent communication and fair disclosure practices must be maintained at all times.
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11. Monitoring and Governance

Periodic reviews shall be conducted jointly by LFL and the partner Bank to assess portfolio quality, risk exposure, and compliance adherence.

Internal Audit and Compliance functions shall review all co-lending programs **quarterly**, with findings submitted to the **Borrowing Committee** and **Board of Directors**.

12. Policy Review and Amendments

This Policy shall be reviewed **annually** or earlier if warranted by regulatory changes or operational developments.

Revisions shall be recommended by the **Compliance Department** and approved by the **Board of Directors**.

13. Approval Mechanism

Each co-lending arrangement and MCLA must be approved by LFL's **Borrowing Committee** and ratified by the **Board of Directors** prior to execution.

Periodic updates on portfolio performance and regulatory compliance shall be presented to the Board.
