DMI HOUSING

POLICY ON CO-LENDING MODEL

OF

DMI HOUSING FINANCE PRIVATE LIMITED

Summary of Policy:

BACKGROUND:

The Reserve Bank of India vide notification dated August 06, 2025, bearing number RBI/DOR/2025-26/139 DOR.STR.REC.44/13.07.010/2025-26 issued the *Reserve Bank of India (Co-Lending Arrangements) Directions, 2025*, laying down a comprehensive regulatory framework governing co-lending arrangements between Regulated Entities (REs).

In compliance with the aforesaid Directions, the Board of Directors of DMI Housing Finance Private Limited ("DMI HFC" or "Company") has adopted this Policy on Co-Lending Model ("Policy") to govern all co-lending arrangements where DMI HFC acts as the Partner Regulated Entity (Senior Partner).

GENERAL FRAMEWORK:

Parameter	Policy Description
Eligible Originating Partners	DMI HFC may enter into co-lending arrangements with Originating Partners that are Regulated Entities (REs)
Nature of Arrangement	Arrangement shall involve co-origination and joint funding of loans
Loan Security	Only secured loan products shall be undertaken under the co-lending model
Eligible Loan Products	Housing Loans and Non-Housing Loan
Aggregate Co-Lending Exposure	Total exposure under the co-lending portfolio shall not exceed 25% of the total loan book of DMI HFC
Maximum Participation	DMI HFC's participation in an individual loan shall not exceed 90% of the sanctioned loan amount
Minimum Retention	DMI HFC shall retain a minimum of 10% share in each individual loan in compliance with RBI Co-Lending Arrangements Directions, 2025
Due Diligence Requirement	DMI HFC shall conduct comprehensive due diligence of each Originating Partner prior to entering into any co-lending arrangement
Due Diligence Framework	The due diligence criteria and approval matrix shall be governed by **Annexure A to this Policy**
Agreement Execution	A Master Co-Lending Agreement shall be executed with each Originating Partner before commencement of co-lending activities.
Commercial Terms	The Master Co-Lending Agreement shall define service fees payable under the arrangement.
Roles and Responsibilities	Master Co-Lending Agreement shall specify segregation of roles and responsibilities between DMI HFC and the Originating Partner.
Customer Interface and GRM	Master Co-Lending Agreement shall define the customer interface model and grievance redressal mechanism.
Business Continuity	Master Co-Lending Agreement shall include a Business Continuity Plan to ensure uninterrupted customer servicing.

COMMERCIAL TERMS AND RISK FRAMEWORK:

Parameter	Policy Description
Interest Rate Structure	The borrower shall be charged a blended interest rate derived as a weighted average of the interest rates charged by DMI HFC and the Originating Partner based on their respective funding participation.
Service Fee	Based on the risk assessment of the Originating Partner and the target borrower segment, DMI HFC may pay a service fee to the Originating Partner for lending and servicing activities.
Default Loss Guarantee – Applicability	DMI HFC may obtain Default Loss Guarantee from the Originating Partner on a case-to-case basis as per regulatory permissibility.
Default Loss Guarantee – Structure	Default Loss Guarantee shall be explicit, capped, non-revolving and contractually documented under the Master Co-Lending Agreement.
Approval Authority	All commercial terms, credit enhancement arrangements and Default Loss Guarantee structures shall be approved in accordance with **Annexure B – Authority Matrix.**
Regulatory Compliance by Originating Partner	The Originating Partner shall comply with the RBI Co-Lending Arrangements Directions and all other applicable laws, rules and regulatory requirements.
Grievance Redressal Mechanism	The Originating Partner shall maintain a documented grievance redressal mechanism in accordance with applicable regulatory guidelines.
Data Sharing and Reporting	The Originating Partner shall share delinquency and DPD data with DMI HFC on all working days in the agreed format.
Asset Classification Alignment	The Originating Partner shall ensure borrower-level SMA and NPA classification is aligned with DMI HFC at all times.
Account Maintenance	The Originating Partner shall maintain borrower-level loan accounts for its respective share of exposure.
Credit Bureau Reporting	The Originating Partner shall report only its respective share of loan exposure to Credit Information Companies (CICs) in compliance with reporting norms.

OPERATIONAL GUIDELINES FOR CO-LENDING:

Credit Screening Parameters	i. Sanctioning of individual loans shall be done as per the approved scheme & the Master Agreement entered between the Parties. ii. The Master Agreement may provide the Co-lender to either mandatorily take their share of the individual loans originated by the partner in their books as per the terms of the agreement or to retain the discretion to reject certain loans after their due diligence prior to taking in their books. iii. The Partner shall source loans that meet the parameter stated in the Master agreement.

Customer service	i. The Partner (loan originator) 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 arrangement and the roles and responsibilities between lenders. ii. All the details of the arrangement shall be disclosed to the customers upfront, and their explicit consent shall be taken. iii. The Company should be able to generate a single unified statement of the customer, through appropriate information sharing arrangements with the bank/NBFCs/HFCs. iv. The front ending lender will be primarily responsible for providing the required customer service and grievance redressal to the borrower. v. With regard to grievance redressal, suitable arrangement must be put in place by the co-lenders to resolve any complaint registered by a borrower with the Partner within 30 days, failing which the borrower would have the option to escalate the same with the concerned Ombudsman Office or the Customer Education and Protection Cell (CEPC) in RBI.
Borrower accounts& escrow mechanism	The co-lending Partners shall maintain each individual borrower's account for their respective exposures. However, all transactions (disbursements/ repayments) between the Partners relating to CLM shall be routed through an escrow account, in order to avoid inter-mingling of funds.
Representations and Warranties	The Master Agreement may contain necessary clauses on representations and warranties which the Partner (Loan Originator) shall be liable for in respect of the share of the loans taken into its books by the Lending Partner.
Segment and loan ticket size	Sanctioning authority of the CLM may decide on the segment and areas where co-lending arrangement can be made by ensuring that should be as per master agreement/ mutually agreed credit policy. Maximum ticket size of loans under co-lending model also may be decided based on the segment, area of operation and credentials of the co-lending partner.

Know Your Customer (KYC)	The Company and Lending Partner shall comply with Master Directions - Know Your Customer (KYC) Direction, 2016, issued vide RBI/DBR/2015-16/18 Master Direction DBR.AML.BC.No.81/14.01.001/2015-16 dated February 25, 2016 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 and Know Your Customer and Anti Money Laundering Policy of the Company.
Documentation	The loan agreement would be executed as per mutually agreeable terms of the co-lenders. Documentation process, execution, preservation of executed documents, making the same available to the internal auditors etc. shall be as per the terms of the agreement. Formats of documents/ loan agreements to be developed in co-ordination with the Legal Departments of the Lending Partner. The documentation formats shall be part of the agreement between the Co-lenders. Responsibilities for execution of documents, bearing of loss on account of fake documents/title deeds shall also be covered in the agreement.
Security and Charge creation	The co-lenders shall arrange for creation of security and charge as per mutually agreeable terms. Creation of security and charge shall be completed as per mutually agreeable terms of the agreement. Necessary clauses & arrangement for creation of security, maintenance, statutory charge creation etc. shall be included in the agreement with Partners.
Monitoring, recovery, and asset classification	The co-lenders shall establish a framework for monitoring and recovery of the loan, as mutually agreed upon. Each 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, under the applicable regulations for its share of the loan account.
Inspection and Audit	The loans under the CLM shall be included in the scope of internal/statutory audit within the Company and Partner to ensure adherence to their respective internal guidelines, terms of the agreement and extant regulatory requirements.
Book Sharing and Other Conditions	a. The Master Agreement will contain necessary clauses on narration of originating Co-lender shall be liable for in respect of the share of the loans taken into its books. b. Both the Co-lenders shall implement a business continuity plan to ensure uninterrupted service to their borrowers till repayment of the loans under the co-lending agreement, in the event of termination of co-lending arrangement between the co-lenders. c. Any assignment of a loan by a co-lender to a third party can be done with the consent of the other lender only.

Miscellaneous	➢ In case, DMI Housing ("Company") is a loan originator and entering the Co-lending arrangement with the Lending Partner. In that scenario as per the Co-lending Guidelines issued by RBI, the Company should be responsible for the following: a. The Company shall be the single point of interface for the customers and shall enter into a loan agreement with the borrower. b. The Company should be able to generate a single unified statement of the customer. c. Suitable arrangement must be put in place by the co-lenders to resolve any complaint registered by a borrower with the Company within 30 days. d. The Company shall be liable for in respect of the share of the loans taken into its books by the Lending Partner.

Portfolio Monitoring and Recovery Governance Framework:

Parameter	Responsibility	Policy Description / Action
Monitoring Objective	DMI HFC	The monitoring framework shall ensure transparency, effective control over co-lending operations and adherence to regulatory and internal policy requirements.
Monitoring - Recovery Objective	DMI HFC & Originating Partner	The framework shall aim to maximise recoveries, ensure compliance, and minimise credit losses, operational costs, and customer complaints.
Portfolio - Monitoring MIS	DMI HFC	Regular MIS covering disbursements, collections, delinquency status, asset quality, recoveries and DLG utilisation shall be generated and reviewed.
Portfolio - Review Frequency	DMI HFC	Portfolio performance shall be reviewed on a monthly basis or more frequently, as required.
Early Delinquency Identification	Originating Partner	Early warning signals and initial delinquency indicators shall be tracked to prevent slippage into higher DPD buckets.
Collection Initiation	Originating Partner	Collection actions shall commence at early stages of delinquency to prevent default and portfolio deterioration.
Responsibility – Early Buckets	Originating Partner	The Originating Partner's collection team shall manage early delinquency buckets in accordance with agreed collection standards.
Responsibility – Advanced Buckets	DMI HFC	DMI HFC's collection team shall take over primary responsibility for accounts falling into 61 days past due and above, in line with the Collection Policy.

Monthly Performance Report	DMI HFC	A consolidated monthly report covering portfolio quality, collections, recoveries, delinquency trends, and DLG status shall be prepared.
Asset Quality Trigger for Disbursement Halt	DMI HFC – Credit & Risk Team	Fresh disbursements shall be restricted if the Originating Partner's co-lending portfolio NPA exceeds 2.50% and may resume only upon NPA normalization and requisite policy approvals.
Monitoring Committee Review	Monitoring Committee	Monthly reports shall be placed before the Monitoring Committee comprising Credit Head, Business Head and CRO recovery for review and guidance.

COLLECTION WATERFALL:

Collections shall be applied as per the agreed collection waterfall and shared proportionately between DMI HFC and the Originating Partner, unless the Master Co-Lending Agreement provides otherwise.

Bucket	Responsibility	Action Plan
DPD 0–30 Days	ACM / KAM	Borrower follow-up, repayment reminders, and commitment tracking shall be undertaken to ensure timely recovery.
DPD 31–60 Days	ACM / KAM	Intensified follow-up and coordination with the Originating Partner's collection head shall be initiated to arrest further slippage.
DPD 61–90 Days	HGP & DMI HFC Collections	Focused recovery actions shall be undertaken and evaluation for invocation of Default Loss Guarantee, where applicable, shall be initiated.
Above 90 Days	DMI HFC Collections	Loss accounts shall be managed, escalated and reported to senior management after adjusting applicable credit enhancements.

ROLE OF BUSINESS PARTNERSHIP COMMITTEE:

The Business Partnership committee shall be responsible for identification, selection and onboarding of the Lending Partners as per the criteria specified in this policy.

They shall be the final authority to approve all the commercial terms with the Lending Partners under CLM.

REVIEW OF THE POLICY:

- The Policy shall be reviewed annually by the Board.
- Any changes due to regulatory requirements shall be approved by the Board.
- In case of any conflict, applicable laws and RBI regulations shall prevail over this Policy.

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Annexure A

<u>Criteria for Onboarding Originating RE Partners</u>

DMI HFC would carry out necessary due diligence of the Potential Originating RE Partner. The due diligence amongst various parameters shall include the following criteria:

- Originating RE shall be duly registered with the RBI and shall comply with all applicable RBI regulations and guidelines.
- Evaluation of the financial strength of the Originating Partner through a review of financial statements including key parameters such as AUM, net worth, leverage, profitability track record and operating efficiency.
- The quality and performance of the Originating Partner's loan portfolio shall be assessed to evaluate sourcing standards and collection effectiveness, with reference to bounce rates, delinquency trends, and credit cost.
- The external credit rating of the Originating Partner wherever available shall be considered as part of the due diligence assessment.
- Qualitative aspects, including market standing, promoter reputation, and business vintage, shall be evaluated to assess stability and governance standards.
- Assessment of Originating Partner's operational and control processes relating to credit underwriting, accounting and customer statements, collections, customer service, and grievance redressal mechanisms, preferably by the Credit Head and/or Operations Head.
- Originating Partners onboarded under earlier co-lending arrangements may be exempted from repeat onboarding due diligence.

Annexure B

<u>AUTHORITY MATRIX FOR CO-LENDING ARRANGEMENTS</u>

Particulars	Threshold / Limit	Approving Authority
Onboarding of new Originating Partner	Not applicable	Business Partnership Committee
Product-level co-lending exposure limit	Within approved business plan	Business Partnership Committee
Individual loan participation up to 90%	As per policy	Business Partnership Committee
FDLG on Co-lending portfolio as per regulatory requirement	Within RBI permitted limits	CRO and CBO
Nil FLDG (Provided Early Vintage of LSP should not be >=1.50%)	Within RBI permitted limits	CRO and CBO
Nil FLDG (In case Early Vintage of LSP >1.50%)	Within RBI permitted limits	CEO
Service fee up to 3%	Within approved product limits	CRO and CBO
Service fee beyond ±3%	Exceptional	CEO
Aggregate co-lending exposure up to 25% of total loan book	As per policy	Board

Temporary breach of exposure limits	Time-bound with mitigation plan	CEO with recommendation of CRO and CBO
Documentation	All approved terms to be documented in the Master Co-Lending Agreement	Credit and Legal Teams
Business Continuity Beyond Asset Quality Breach	NPA exceeding threshold prescribed under Master Co-Lending Agreement	CEO with recommendation of CRO and CBO

Annexure C

Business Committee for Partnership Onboarding Approval

A Business Committee is constituted for approval of Partnership Onboarding proposals. The composition of the Committee and defined roles are as follows:

S. No.	Committee Role	Name	Designation
1	Committee Member	Yatharth Ratadiya	CRO
2	Committee Member	Sameer Mahajan	CBO
3	Committee Member	Prashant Jha	Credit Head
4	Committee Member	Rohan Upadhaya	Operation Head
5	Committee Member	Sudhanshu Shukla	Head - BC & Co-lending Relationship

Quorum and Approval Framework:

- **The minimum quorum for the Business Committee shall be 3 out of 5 members.**
- **Partnership Onboarding proposals shall be approved upon conclusion by the committee meeting the quorum requirements.**
- **In cases where the Business Committee is unable to arrive at a decision, the proposal shall be escalated to the CEO, who shall act as the Final Approving Authority.**