

AMBIT FINVEST PRIVATE LIMITED (AFPL)

Policy on Co-Lending
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1. Background

Ambit Finvest Private Limited (hereafter referred to as ‘the AFPL’/ ‘the Company’) is a private limited company incorporated under the provisions of the Companies Act, 1956 and is a Reserve Bank of India (RBI) registered Systemically Important Non-Deposit Accepting or Holding Non-Banking Financial Company (“NBFC-NDSI”).

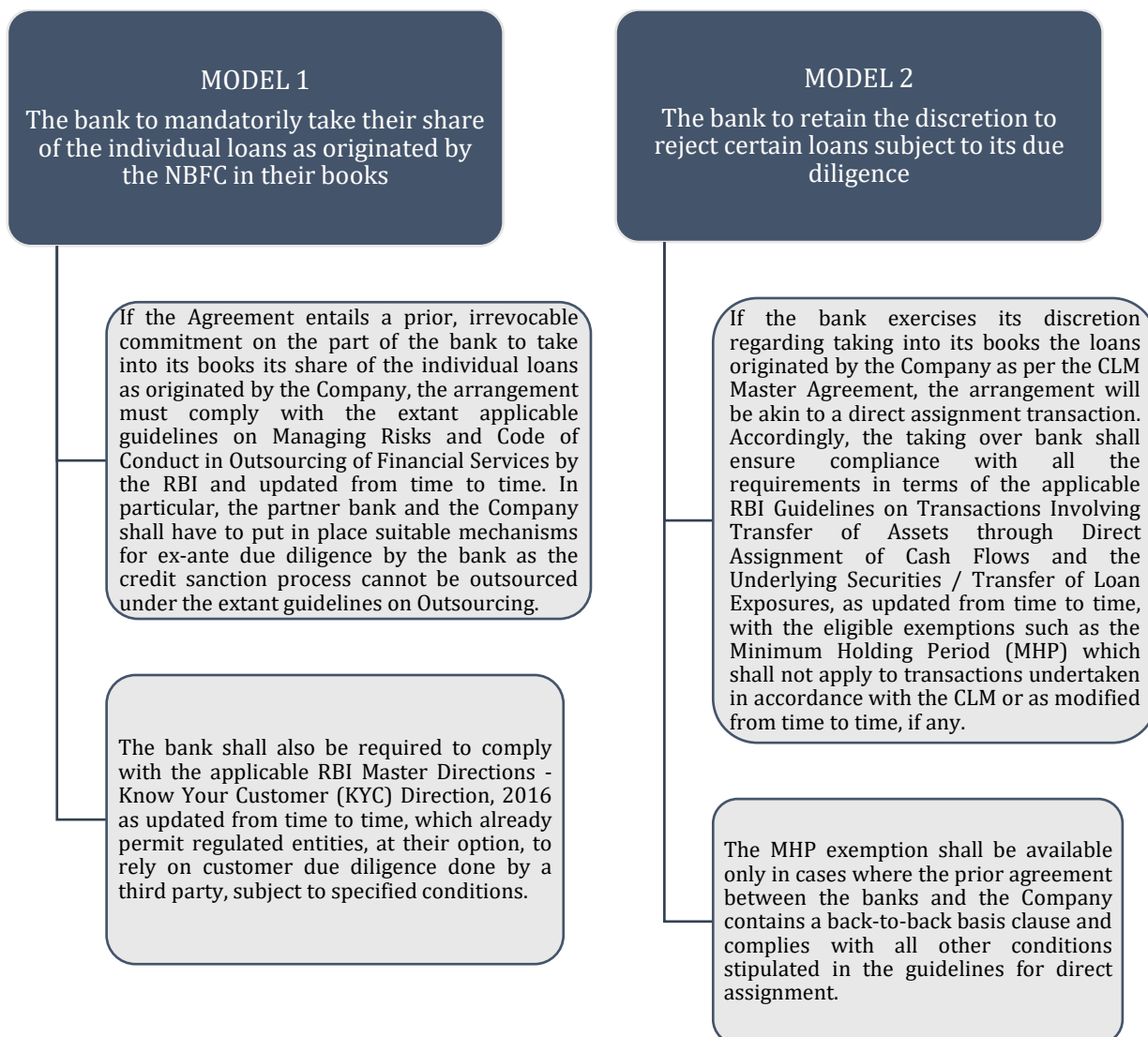
The Policy on Co-Lending (hereinafter referred to as ‘the Policy’) has been drafted in line with the Reserve Bank of India (RBI) notification bearing reference no. RBI/2020-21/63, FIDD.CO.Plan.BC.No.8/04. 09.01 /2020-21 dated November 05, 2020 allowing co-lending by Bank and NBFC with an aim to improve the flow of credit to the unserved and underserved sector of the economy and make available funds to the ultimate beneficiary at an affordable cost, considering the lower cost of funds from banks and greater reach of the NBFCs.

2. Objective

The Company intends to work with qualified banks to explore “Co-Lending Model” (CLM) prospects across its existing and new products / segments that meets the Circular requirement.

3. Engagement Models with Banks under CLM

The Company shall, on the basis of discussion with eligible Banks, enter into CLM Master Agreements for implementing the model under either mode:



4. Products for Co-lending

Lending under the CLM can be undertaken in all products of the Company that are eligible to be treated as Priority Sector under the extant RBI guidelines.

The CLM policy will not be applicable to foreign banks (including WOS) with less than 20 branches.

5. Geographical Scope

The Company intends to explore Co-lending opportunity across its branch network.

6. Co-lending guidelines

The CLM arrangements would have following essential features –

i. Board Approved Policy

The Company, through this document, proposes the CLM Policy to comply with the Circular and to explore the partnerships with Banks.

ii. Sharing of Risk and rewards

The Company will comply with the extant provisions of the circular that requires the originating NBFC shall retain minimum 20% of the individual loans on their books until maturity. This percentage may vary and/or increased as per the mutually agreed terms and conditions with the Bankers from time to time.

iii. Commercials

- Interest rate- Under Model 1, the ultimate borrower may be charged a single blended interest rate as may be agreed upon by both the lenders conforming to the extant guidelines applicable to both. Under Model 2, the Company shall price the entire exposure in a manner fit as per its risk appetite or as pre-determined with the Bank. The bank may subject to its due diligence share the exposure and consequently the repayment/ recovery of interest in proportion to their share of credit and interest
- Fees and Expense sharing for other activities- Appropriation between the Co-lenders may be mutually decided basis mutual agreement with Banks.
- AUM / Servicing Fees / Any other commercial terms- Would be agreed mutually with Banks.

iv. Due Diligence (Know Your Customer)

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

v. Credit Appraisal

A separate Standard Operating Process (SOP) or equivalent document would be created in discussion with the partner bankers following the CLM Master Agreement being entered into, to suitably detail the Credit Appraisal process within the SOP or equivalent document.

vi. Loan Sanction

Under the CLM arrangements, the procedure of issuing sanction letters and executing loan agreements would be specified in the SOP as mutually agreed with Partner Bankers.

vii. Borrower Loan Documentation

The necessary disclosures of this arrangement to be made in the loan agreement and explicit consent from the Borrower would be taken upfront.

viii. Audit

The loans under the CLM shall be included in the scope of internal/statutory audit within the banks and the Company to ensure adherence to their respective internal guidelines, terms of the agreement and extant regulatory requirements.

ix. Customer Service & Grievance Redressal

- The Company shall be the single point of interface for the customers and shall generate a single unified statement of the Borrower Loan under CLM, through appropriate information sharing arrangements with the bank.
- The extant guidelines relating to customer service and fair practices code and the obligations enjoined upon the Banks and the Company therein shall be applicable in respect of loans given under the arrangement.
- The Company shall be responsible for grievance redressal within 30 days in line with existing grievance policy of the Company, 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.

x. Escrow Accounts

- The Company and the partner Bank shall open escrow accounts with the partner Bank acting as the Escrow Bank and the manner of operations of such account shall be detailed in the SOP.

xi. Monitoring and Recovery

The co-lenders shall establish a framework for monitoring and recovery of the loan as mutually agreed upon, which will be part of Master Agreement entered into between both the lenders.

xii. Security and Charge Creation

The security and, where appropriate, the charge for such loan shall be created as agreed amongst the co-lenders under the CLM model.

xiii. Provisioning/Reporting Requirement

The Company will follow the provisioning requirements including reporting to Credit Information Companies etc as per the applicable regulatory guidelines. The Company shall also carry out the respective reporting requirements as per applicable law and regulations for its portion of the loan.

xiv. Direct Assignment Transaction between the Company and Bank

Loans originated by the Company under Model 2, would be assigned to Bank under an Assignment and Servicer Agreement. The process for such agreements, inter alia including standard formats and agreed turn-around time shall be mutually agreed with partner Banks as part of the SOP.

xv. Assignment of Co-lent loans

Both lenders can enter into a third party loan assignment agreement with the consent of the other party for assigning their share in the CLM Loan by complying with the Circular.

xvi. Loan Limit

Further, any change in CLM loan limit being offered under CLM arrangements will be done only with the mutual consent of both the lenders.

xvii. Business Continuity Plan

Notwithstanding termination of CLM Master Agreement, both Lenders agree and acknowledge that Borrower servicing shall be rendered till each loan originated under this CLM agreement is completely repaid or settled as detailed in the SOP.

7. Disclosures

The Company shall prominently display the Policy on their website.

8. Review & Amendments

This policy shall be reviewed and updated periodically for any changes.

"In case any amendments issued by Reserve Bank of India in form of clarifications, circulars or guidelines or by any other name, which may not be consistent with the current provisions laid down under this Code, then the provisions of such amendments / clarifications, shall prevail upon the provisions contained in the RBI communication and the same shall stand amended accordingly effective from the date as laid down under such RBI communique.