



PRAYAAN CAPITAL

CO-LENDING POLICY

Reviewed By:

Akash S Chelvam

Chief Operating Officer

Approved By:

G. Madhan Mohan

Managing Director & CEO

INTRODUCTION

This co-lending policy ("**Policy**") is devised to promote co-lending model between Prayaan Capital Private Limited ("**Company**") and Banks/Financial institutions.

The Company shall adhere to the guidelines prescribed by the Reserve Bank of India ("**RBI**") vide Notification RBI/2020-21/63 FIDD.CO.Plan.BC.No.8/04.09.01/2020 dated 5th November, 2020 on Co-lending by Banks and NBFCs to Priority Sector ("**RBI Notification**") while co-lending with Banks.

The co-lending model would improve the flow of credit to the underserved sector of economy and make availability of funds at an affordable cost.

Through this policy, the Company will be able to co-lend with banks and financial institutions in accordance with the terms of the respective master agreements to be entered between the Company and the respective banks and financial institutions ("**Master Agreement**") and guidelines issued by RBI as and when applicable.

The strength of the Company is network building and credit assessment which will help in better reach of the funds to the underserved/unserved segments of MSMEs under the co-lending model.

The Company and the co-lending Bank/Financial Institution ("**Co-Lender**") shall abide by the guidelines/circulars/notifications issued by the RBI, from time to time.

The Company and Co-lender together referred to as "Parties" under this Policy.

GENERAL GUIDELINES TO BE FOLLOWED WHILE CO-LENDING

1. The selection of the Co-Lender shall be decided by the Board of Directors of the Company.
2. Subject to applicable laws, the Company and Co-lender shall co-lend at a ratio agreed between the Parties in the Master Agreement.
3. The Company shall be responsible for sales and credit assessment process.
4. The Company shall decide on the geographical area of operations and products in which the co-lending model will be implemented.



5. For any Co-lending Arrangement wherein, the Co-lender is a Bank, the Company shall act as the single point of interface for the borrowers and shall enter into a loan agreement with each borrower, which shall clearly contain the features of the Co-Lending Arrangement and the roles and responsibilities of the Company and the Co-Lender. For any Co-Lending Arrangement wherein the Co-Lender is a financial institution, the Parties shall mutually decide the single point of interface for the borrowers and shall capture the same in the Master Agreement.
6. The Company and the Co-Lender shall disclose the details of Co-Lending Arrangement to the borrowers.
7. The Company and the Co-lender shall maintain for each individual borrower's account for their respective exposures.
8. All transactions including the disbursements and repayments with respect to each loan and borrower shall be routed through an escrow account opened. The terms of the appropriation of funds shall be clearly captured in the Master Agreement.
9. The Company and Co-Lender shall establish a framework for monitoring and recovery of the loan, as per the terms mentioned in the Master Agreement.
10. The Company and Co-Lender shall arrange for creation of security and charge as per the terms mentioned in the Master Agreement.
11. The Company and the Co-Lender 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 Company and the Co-Lender.
12. The Company and Co-lender shall mutually decide on the terms in relation to assignment of a loan to a third party and the same shall be captured in the Master Agreement.
13. Each of the Company and Co-Lender shall adhere to the asset classification and provisioning requirement and customer service and fair practices code, as per the respective regulatory guidelines applicable to each of the

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Company and the Co-Lender including reporting to Credit Information Companies, under the applicable regulations for its share of the loan account.

For any Co-Lending Arrangement wherein the Co-Lender is a bank, the Company and the Co-Lender shall specifically adhere to the RBI Notification at the time of co-lending.

Subject to the above-mentioned points, the Company, the Co-Lender and the Co-Lending Arrangement shall be governed by the terms and conditions stipulated herein below and in the Master Agreement.

SOURCING

The Company and Co-lender shall decide on the manner, process and the geographic areas of sourcing while entering into the Co-Lending Arrangement.

There will be an initial name/industry check process for each transaction to clear the transaction by the Co-Lender prior to performing detailed assessment of the enterprise.

PRODUCT CONTOURS

Subject to the terms and conditions of Master Agreement, the primary target segment of the Co-Lending Arrangement will be Micro, Small and Medium Enterprises.

The Master Agreement shall contain the details on the type of product and facility to be offered, collateral and security creation parameters, tenure of the loans, interest rates parameters, repayment modalities, processing fees, list of documentation for co-lending, other fees and charges and such other parameters in relation to the product.

ELIGIBILITY REQUIREMENTS

The eligibility criteria for borrowers shall be mutually decided by the Company and Co-lender shall be captured in the Master Agreement.



UNDERWRITING

The underwriting parameters under the Co-Lending Arrangement shall be mutually decided by the Company and Co-lender and the same shall be captured in the Master Agreement.

MONITORING

The Parties shall mutually decide between them as to who shall have the responsibility of performing the functions with respect to portfolio monitoring, post-disbursement monitoring and such other monitoring parameters and the same shall be captured in the Master Agreement.

GRIEVANCE REDRESSAL

The Company shall put in place a suitable arrangement, as may be mutually agreed between the Parties, to resolve any complaint registered by a borrower under the Co-Lending arrangement which includes redressal of grievances registered with the Co-lender's grievance mechanism. The mechanism shall be captured in the Master Agreement.

COLLECTION

The collection of monies shall be routed through an Escrow Account opened in accordance with the terms of the Master Agreement. The responsibility of collections, the procedure for disbursement and repayments shall be mutually decided between the Parties and shall be captured in the Master Agreement.

AMENDMENT

Any amendment to this Policy shall be carried out with the prior approval of the Board of Directors of the Company.



DOCUMENT CREATION AND MODIFICATION DETAILS

Version	Date of Creation/Modification	Created/Reviewed By	Approved By	Reason for Modification
1	19.11.2020	Created by Subashree – CS Reviewed by Akash S Chelvam – COO	Madhan Mohan – MD & CEO	-

