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YOGAKSHEMAM LOANS LTD.,

Co-Lending Policy-2021 (Draft)

History	Adopted By	Date
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1. Introduction.

The Company intends to explore the emerging opportunities of loan origination along with Banks under co-lending arrangements getting momentum now a days in view of the regulatory enablement. This will help the Company to optimise its resources for generating loans and growing revenue without expanding the capital base that may be required for such business growth otherwise.

2. Regulatory back ground

Reserve Bank of India (RBI) through its Circular No. FID.CO.Plan.BC.08/04.09.01/2018-19 dated 21st September 2018 permitted Scheduled Commercial Banks (Banks) to engage with NBFC-ND-SIs to co-originate loans for the creation of priority sector assets. Later RBI has permitted the banks to engage with all registered NBFCs (NBFCs) through its circular FIDD.CO.Plan.BC.No.8/04.09.01/2020-21 dated 5th November 2020.(hereafter referred to as RBI Direction). In terms of the direction, the NBFC shall put in place a Board approved policy providing the broad contours of the co- lending business model to be adopted by the Company.

3. Co-lending

- i) Co- lending refers to lending in partnership between the Company and the other lending partner being a Scheduled Commercial Bank or other Banks as may be permitted by the RBI from time to time (hereafter referred to as Partnering Bank) It is a process of co-origination of a loan asset in partnership between the Company and the Bank with the view of leveraging their relative strengths and making available credit to the needy.
- ii) Company will be entitled to undertake the co-lending method of sanctioning credit across all its products,ie, Gold loan, Vehicle Loan and SME Loans based on demands.
- iii) The Company shall devise appropriate combinations for co-lending with the partners in respect of funding such that a minimum 20% of the loan will be funded by it and balance 80% of the funding shall be by the partnering bank.
- iv) The Company shall follow the KYC and customer acceptance policy while selecting the borrowers and in case the partnering bank requires any additional procedure to be done, the same may be facilitated to the extent it is possible within the operational frame works of the company.
- v) The loan documents shall disclose the fact of co-lending arrangement and the rights of respective parties over the security offered for the loans. The customer shall be properly apprised of the arrangement at the time of sanctioning of the loan and their consent shall be obtained.
- vi) The borrower shall be charged with an all-inclusive interest rate as agreed between the Company and the partnering Bank.
- vii) The Company may maintain a unified customer statement of the borrower and facilitate appropriate information sharing with the Bank.
- viii) The Company will be a single point of contact for the borrower.

- ix) In respect of gold loans, the ornaments pledged by the borrower shall be kept in the safe custody of the Company with the inventories properly maintained and recorded. The Bank will have a right to inspect the same either on its own or through its authorised representatives/ auditors as may be decided by it.
- x) The Company may at the request of the Bank provide inventory verification/ audit reports.
- xi) Statutory and internal audits of the Company shall be extended to the loan under the co-lending arrangement.
- xii) The loan shall be disbursed from a single account to be funded by the partners in the same ratio of their lending obligation or a back to back arrangement for appropriation to the company by the partnering Bank as per the agreement with the bank.
- xiii) The company shall follow the Income Recognition and asset classification norms in respect of the loans under the co-lending arrangements to the extent of its share of loans in line with the regulatory requirements as applicable to it.
- xiv) The Bank may at its option take its share of the individual loans into its books subject to compliance with the extant guidelines of RBI as applicable to them.

4. Master Agreement

- i. In line with the RBI directions, the company may enter into a master agreement with the partnering Bank. The agreement shall cover mutual rights and responsibilities of the parties with reference to the co-lending arrangements including *inter alia* the selection of eligible borrowers and other operational aspects of the arrangement. The company shall ensure compliance with the provisions of the agreement.

5. Renewal of Loans

- i. In terms of Para 11 (2) (vii) of the Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 as updated as on February 17 2020 (hereafter referred to as Master Directions), the company has put in place its loan policy and the policy provides for the renewal of Demand loans on satisfactory performance of the loan account on its review.
- ii. Each gold loan is deemed as an independent contract and it can be renewed based on satisfactory performance of the loan such as servicing of interest. The loans originated under the co-lending arrangement shall also be eligible to be so renewed subject to the satisfactory compliance of the terms and conditions as per para 7.1(xiv) of the loan policy of the Company.

6. Creation of Security

- i. The Company shall create security in favour of the partnering Bank to the extent of the share of their exposure on the loan receivables or such other security from time to time and charge shall be filed with MCA within the permitted time.
- ii. On closure of the co-lending arrangements and on discharge of liability of the partnering Bank, the company shall obtain satisfaction of the charge and to be filed with MCA.

7. Collection and recovery of loan

- i. The Company shall in consultation with the partnering Bank arrange for the measures for collection and recovery of the loans in such a manner that the customer can make a single payment at the branch of the Company or through different online modes.
- ii. The collections from the borrowers shall be appropriated between the company and of the partnering bank in a pre-defined manner including any escrow arrangement facilitating proper identification and accounting by respective partners.

8. Business continuity

The Company shall ensure that the borrowers under the co-lending arrangements are not inconvenienced as regards the necessary service to them from the Company and the Company shall make necessary arrangements to service the borrowers properly during the life time of the loan accounts.

9. Grievance redressal

The Company shall make available its customer grievance mechanism to the borrowers under the co-lending arrangements too as the Company shall continue to be the single point contact for them. In case of any service or grievance to be received or addressed by the partnering Bank the Company shall properly guide the borrower and assist them in getting the service or addressing their concerns from the Bank. The grievances, if any, shall be addressed within 30 days from the date of receipt. Otherwise, the customer shall be guided to the Banking/NBFC Ombudsman for effectively addressing their grievances.

10. Review of policy and Amendments

The policy can be reviewed and amended or modified by the Board of Directors by passing a resolution either at its meeting or by circulation. Notwithstanding any amendments taken place, the actions taken in good faith under the then existing policy shall continue to have effect and will be binding on the parties concerned. The policy shall be reviewed by the Board at least once in a year.

11. Empowerment

- i. Managing Director & CEO of the company is empowered to issue internal instructions for implementation of the policy and the operational aspects. Where a deviation of any terms of this policy was necessitated by unforeseen situations and on circumstances outside the control of management, the deviation may be approved by the **credit committee** of the Company subject to ratification by the Board.
- ii. The Board Committee on Management is empowered to approve delegation of authority in respect of fixation of sanctioning powers and the matters

connected therewith. The Board Committee will also be empowered to authorise any action that may be necessitated on account of a change in regulations.

12. Severability.

If any portion of this policy is found to be inoperative on account of change in underlying directions issued by the RBI or of the accounting standards or declared to be inoperative by any regulatory authorities, the remaining portion which are not so inoperative will continue to be in force and binding on the Company. Any action taken by the Company or its officers under the Policy before it became inoperative or unenforceable shall continue to be binding on the Company.

13. Language used

The expressions used in in this policy in its singular form shall mean and include its plural form as well and *vice versa*. Similarly expressions used in its masculine character shall mean and include its equivalent feminine character as well and *vice versa*.

14. Effective date

The policy will be effective from the date of its approval by the Board either originally framed or reviewed and amended from time to time.
