

# PRODIGEE FINANCE LIMITED

Updated as on 01.04.2023

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## CO-LENDING POLICY

(As per RBI circular no. RBI/2020-21/63 FIDD.CO.Plan.BC.No.8/ 04.09.01/2020-21 dated November 05, 2020 and w.r.t. applicable Rules under The Companies Act, 2013, this policy is not mandatory for our entity, though we will comply with the same from FY2023-24)



Parameter	Details
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Scope	<p>This framework, in line with RBI circular, leverage reach of Prodigee Finance Limited and low-cost funds of banks and some NBFC, 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.</p> <p>The arrangement entails joint contribution of credit at the facility level by Prodigee finance Ltd and Partnering lenders and sharing of risks and rewards between the two. This policy is applicable on loan extended to borrowers jointly by Prodigee Finance Limited and banks or NBFC as the case may be, under priority sector only as specified by RBI.</p>
Applicable to (Products)	Lending to priority sector – MSME and Education Loans or any other loans less than 50 Lakhs per borrower.
Maximum exposure limit under co-lending with each co-lending partner	INR 50.00 Crores under risk based as well non-risk-based model.
Competent authority to approve co lending arrangement	<b>Managing Director</b>
Proposed by	Managing Director
Approved by	Board of Directors



## Introduction

Prodigee Finance Limited, in compliance with RBI circular no. RBI/2020-21/63 FIDD.CO.Plan.BC.No.8/ 04.09.01/2020-21 dated November 05, 2020 (superseding the earlier circular FIDD.CO.Plan.BC.08/ 04.09.01/2018-19 dated September 21, 2018) is adopting the following policy on Co-lending of loans to augment Priority sector advances.

## Eligibility

The policy is applicable in case of following segments only:

- Co-lending of loan with Scheduled Commercial Banks and registered NBFC only, excluding foreign banks with less than 20 branches.
- Lending to be made only to priority sector as defined by RBI which shall include funding to MSME and education sector.
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## Norms of Agreement between Prodigee Finance Limited and Co-Lender

- A Master Agreement shall be entered into between Prodigee Finance Limited and the co-lender Bank or NBFC as the case may be, which shall inter-alia include, terms and conditions of the arrangement, the specific product lines, and areas of operation, along with provisions related to segregation of responsibilities as well as customer

interface and protection issues.

- The Master Agreement may provide for the co-lender banks or NBFC as applicable to either mandatorily take their share of the individual loans, originated by Prodigee Finance Limited, 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.

### **Loan Sharing**

- The co-lender banks or NBFCs as the case may be, will take their share of the individual loans on a back-to-back basis in their books.
- Prodigee Finance Limited shall retain a minimum of 20 per cent share of the individual loans on its books with co-lender as banks and a minimum of 5 per cent share of the individual loans on its books with co-lender as NBFCs; the percentage of retention by Prodigee Finance Limited in all cases shall be guided by the terms of agreement between Prodigee Finance Limited and its co-lender and shall be decided by the Managing Director.

### **Modus Operandi**

#### **Credit Norms**

In accordance to Prodigee Finance Limited's credit norms, once a client has agreed to commercial terms, evaluation is done based on various parameters like:

- Past history of borrowing with the co-lenders as well as other lenders, if any, various credit checks viz. bureau, internal due diligence, Basic KYC documents like Aadhaar Card, PAN, etc.
- Assessment of income, banking, business vintage, and stability.

The above terms shall be defined on finer lines under the co-lending credit norms to be mutually agreed with the co-lender banks or NBFC as the case may be. For all the cases sourced, Prodigee Finance Limited shall abide by said norms.

#### **Approval Norms**

Prodigee Finance Limited shall not outsource the credit decision process. Further, it shall ensure to seek approval from Co-lender bank or NBFC as the case may be via ex-ante due diligence by the co-lender bank or NBFC as the case may be in all cases where the master agreement entails a prior, irrevocable commitment on the part of the co-lender bank or NBFC as the case may be to take into its books its share of the individual loans as originated by the Prodigee Finance Limited. Prodigee Finance Limited may also enter into co-lending arrangement with other NBFC where other NBFC shall be originator of the loan application and also take the credit decision as per their credit policy. The managing director shall be the competent authority to decide on sharing patterns in such cases.

If the co-lender bank or NBFC as the case may be, can exercise its discretion regarding taking into its books the loans originated by Prodigee Finance Limited as per the Agreement, the arrangement will be akin to a direct assignment transaction. Accordingly, compliance with all the requirements in terms of Guidelines on Transactions Involving Transfer of Assets through Direct Assignment of Cash Flows and the Underlying Securities issued by RBI vide RBI/2011-12/540 DBOD.No.BP.BC103/21.04.177/2011-12 dated 07.05.2012 and RBI/2012-13/170 DNBS.PD.No.301/3.10.01/2012-13 dated 21.08.2012 respectively, as updated from time to time are to be ensured, with the exception of Minimum Holding Period (MHP) which shall not be applicable in such transactions undertaken in terms of this CLM. The MHP exemption shall be available only in cases where the prior agreement between the Prodigee Finance Limited and its co-lender banks or NBFCs as the case may be, contains a back-to-back basis clause and complies with all other conditions stipulated in the guidelines for direct assignment.

### **Interest Rate**

- Prodigee Finance Limited and the co-lender bank or NBFC as the case may shall have the flexibility of pricing their part of exposure in accordance with internal pricing strategies; however, the ultimate borrower shall be charged an all-inclusive interest rate.
- Upon repayment, the interest shall be shared between Prodigee Finance Limited and the bank or NBFC as the case may be in proportion to their share of credit and interest.

### **Fund Management**

- The co-lender banks or NBFC as the case may be and Prodigee Finance Limited shall maintain each individual borrower's account for their respective exposures. However, all transactions (disbursements/ repayments) between Prodigee Finance Limited and co-lender banks or NBFCs as the case may be relating to CLM shall be routed through an escrow account maintained with the banks, in order to avoid inter-mingling of funds. The Master Agreement shall clearly specify the manner of appropriation between the co-lenders.

### **Other Operational Aspects**

- The framework for monitoring and recovery of the loan shall be guided as per mutually agreed terms.
- Prodigee Finance Limited along with the co-lender bank or NBFC as the case may be, depending on terms of agreement, shall arrange for creation of security and charge as per mutually agreeable terms.
- Prodigee Finance Limited and other co-lenders shall adhere to the asset classification and provisioning requirement including reporting to Credit Information Companies, for their share of the loan as per the loan account maintained at their level.

- The loans under the CLM shall be included in the scope of internal/statutory audit to ensure adherence to our internal guidelines, terms of the agreement and extant regulatory requirements.
- Any assignment of a loan by Prodigee Finance Limited to a third party can be done only with the consent of the co-lender bank or NBFC as the case may be.
- Prodigee Finance Limited shall ensure uninterrupted service to their borrowers, on-boarded under the current CLM, till repayment of the loans even in the event of termination of co-lending arrangement between the co-lenders.

### **Provisioning**

- In the event of default, provisions shall be provided for loan outstanding in our books as per RBI Guidelines in force and as per our board approved policy. Any additional provisions shall be made on case-to-case basis.

### **Customer Related Issues**

- Prodigee Finance Limited 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 of Prodigee Finance Limited and other co-lenders.
- All the details of the arrangement shall be disclosed to the customers and their explicit consent shall be taken.
- The extant guidelines relating to customer service and fair practices code and the obligations enjoined upon Prodigee Finance Limited and co-lender Bank or NBFC as the case may be therein shall be applicable mutatis mutandis in respect of loans given under the arrangement.
- Prodigee Finance Limited should be able to generate a single unified statement of the customer, through appropriate information sharing arrangements with the co-lender.
- With regard to grievance redressal, suitable arrangement must be put in place by the Prodigee Finance Limited and co-lenders to resolve any complaint registered by a borrower with the Prodigee Finance Limited within 30 days, 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.

### **Prodigee Finance Limited as a Service Provider**

- Prodigee Finance Ltd [PFL] can opt to act as servicing Agent if it is agreed between the Parties that Prodigee Finance Ltd who is also a one of the Lender to be appointed as a Servicing Agent. As a servicing Agent [herein after also referred to as a servicer] PFL will provide services for collection and distribution of the loan repayment proceeds

collected from the Obligors and be responsible for enforcement of security and for providing Monthly Reports on collections made and amounts to be distributed to the Lenders as may be agreed in the Standard Operating Procedure. All the Parties should agree on the roles, responsibilities and obligations of the Servicing Agent, and the fees to be paid to the Servicing Agent should be recorded in a detailed agreement to be entered into between the Parties.

The Servicer shall:

- i. Generate a single unified statement for each of the Borrower(s);
- ii. MIS for disbursements, repayments due, recoveries of Loans.
- iii. The Servicing Agent shall also generate Monthly Reports providing complete calculation of receipts and distribution and or do such acts as mentioned hereinabove or as agreed between the Parties in the Servicer Agreement.

Any other regulatory changes with respect to co-lending mechanism will stand updated in the policy from time to time.

**Approved by the Board of Directors vide Resolution dated 03rd April 2023.**



**Amit Goel**  
**DIN: 06373510**  
**Managing Director**



**Prodigee Finance**<sup>TM</sup>

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**Date: 18.04.2023**

**Place: Bhopal**