

Note on Emergency Credit Line Guarantee Scheme (Ver 1.10)

1. **Background**

Government of India through Ministry of Finance, Department of Financial Services has introduced the Emergency Credit Line Guarantee Scheme (ECLGS) for providing 100% guarantee coverage for additional term loan upto 20% of the entire outstanding credit upto Rs.25 crores i.e., Rs. 5 crores as on February 29, 2020 subject to the account being less than or equal to 60 days past due as on that date.

The Emergency Credit Line Guarantee Scheme (ECLGS) is extended as ECLGS 3.0 for providing 100% guarantee coverage for additional term loan upto 40% of the entire fund based outstanding credit upto Rs.500 crores as on February 29, 2020 subject to the account being less than or equal to 60 days past due as on that date to Hospitality, Travel & Tourism and Leisure & Sporting sectors.

In order to seek guarantee, cover under the scheme, Ambit Finvest Private Limited have to register itself with National Credit Guarantee Trustee Company Limited (NCGTS).

2. **Broad Features of the Scheme**

- **Product - GECL (Guaranteed Emergency Credit Line)**
 - Additional term loan facility / credit to be extended to eligible Individual/ Business Enterprises / Micro, Small and Medium Enterprise (MSMEs) borrowers including interested Pradhan Mantri Mudra Yojana (PMMY) borrowers in view of COVID-19 crisis
 - Pre-approved sanction limit to eligible existing borrowers
 - RBI approval solicited for keeping risk weights under GECL at zero

- **Guarantee Scheme - ECLGS (Emergency Credit Line Guarantee Scheme):**
 - Guarantee for GECL
 - Guarantee Coverage: 100%
 - Guarantee Cover' means maximum cover available per eligible borrower of the amount in default in respect of the credit facility extended
 - To be provided by Government of India through National Credit Guarantee Trustee Company Ltd. (NCGTCL)
 - Guarantee to be co-terminus with GECL tenor

- Duration: Earlier of 30th June, 2021 for ECLGS 1.0 and 30th Sept 2021 for ECLGS 3.0 or till 3 Lakh Crores is sanctioned under GECL
- Any changes in the current structure of the scheme to be decided by management committee of ECLGS Fund

3. Eligibility Criteria for participating NBFCs

- Registered NBFCs operating for 2 years as on 29th Feb 2020.
- **Participation Mechanism**
 - Submission of Undertaking with the Trustee Company in such form as may be required by the Trustee Company for covering by way of guarantee along with details of Eligible Borrowers (Annexure II of the Guarantee Scheme)

4. Borrower Eligibility for ECLGS 1.0

- Only for existing borrower
- Combined outstanding loan across all lenders <= Rs. 25 crores as on 29th Feb 2020
 - To be verified with credit Bureau
- DPD <= 60 days with all lenders
 - To be verified with credit Bureau
- Constitution:
 - Proprietorship, Partnership, Registered Company, Trusts, LLPs. Societies
 - Loans provided in individual capacity (Promoter / Director loans) or Business Enterprises / MSME borrower accounts which had NPA or SMA-2 status as on 29.2.2020 are not eligible for loan under this scheme.
 - In case of multiple co-applicants, Borrower to be the primary co-applicant
- GST registered where such registration is mandatory
- Opt-out option i.e creating awareness for the Scheme by enabling communication of the Scheme through SMS and Email campaigns to be provided to eligible Borrowers
- It is not necessary for the existing loans to be covered under existing NCGTC or CGTMSE scheme

5. Key features

- Loan Amount:
 - 20% of loan outstanding across all lenders i.e., upto Rs. 25 crores as on 29th Feb 2020
 - Outstanding loan would comprise on-Balance Sheet exposure – WC Loan / TL / WCTL
 - Off-Balance sheet / Non-Fund Based exposure to be excluded

- Share of Loan:
 - In proportion of existing exposure of each lender
 - If Borrower intends to take higher loan than the proportion of 20% of the outstanding credit has with that particular lender– NOCs would be required from all lenders.

- Rate of Interest
 - Capped at 14% p.a. for NBFCs
 - No additional processing fee / Guarantee Fee.
 - No penal interest due to any non-compliance of the already accepted covenants on the existing credit facilities may be charged on additional loans during the sanction time.

- Tenure
 - 4 years from the date of disbursement with moratorium period of one year on the principal amount i.e; the principal shall be repaid in 36 installments after the moratorium period is over.
 - No pre-payment charges

- Security
 - Second charge with existing credit facilities in terms of cash flow and security. The same is to be created within 3 months from date of disbursement of proposed loan facility.
 - No additional collateral shall be asked for additional funding under this Scheme.

- Others:
 - Credit Facility to be extended through a separate loan account
 - Loan extended through current Government schemes such as PMEGP, PMMY etc. would continue to be categorised under that scheme. Loan under this scheme to be over and above the existing loan.
 - The account may be operated in combination with interest subvention scheme as far as feasible
 - Time for due-diligence to be minimal (as already an existing borrower)

6. Borrower Eligibility of ECLGS 3.0

- Eligible Sector: Hospitality, Travel & Tourism and Leisure & Sporting Sector
- Eligible activities are businesses in the Hospitality sector (all kinds of hotels, restaurants, canteens, caterers, marriage halls etc.), Travel & Tourism sector (tour operators, tour assistance activities, adventure tourism etc.) and Leisure & Sporting sector (Entertainment or recreational activities including amusement parks, theatres etc.)
- Combined fund-based outstanding loan across all lenders <= Rs. 500 crores as on 29th Feb 2020
- DPD <= 60 days with all lenders

6.1. Key features of ECLGS 3.0

- Loan Amount:
 - 40% of loan Fund based outstanding across all lenders as on 29th Feb 2020
 - The eligible borrowers who have availed assistance under ECLGS 1.0 or 2.0 are also eligible for assistance under ECLGS 3.0, but they shall be eligible for only additional credit upto 20% of their total loan outstanding (fund based) as on February 29, 2020. Separate loan account is to be maintained for ECLGS 3.0.
 - Outstanding loan would comprise on-Balance Sheet exposure – WC Loan / TL / WCTL
 - Off-Balance sheet / Non-Fund Based exposure to be excluded
- Tenure
 - 6 years with Two years of principal moratorium
 - No pre-payment charges

- Rate of Interest
 - Capped at 14% p.a. for NBFCs
 - No additional processing fee / Guarantee Fee.
 - No penal interest due to any non-compliance of the already accepted covenants on the existing credit facilities may be charged on additional loans during the sanction time.

- Others:
 - Credit Facility to be extended through a separate loan account
 - Loan extended through current Govt. schemes such as PMEGP, PMMY etc. would continue to be categorised under that scheme. Loan under this scheme to be over and above the existing loan
 - The account may be operated in combination with interest subvention scheme as far as feasible

- Security
 - Second charge with existing credit facilities in terms of cash flow and security. The same is to be created within 3 months from date of disbursement of proposed loan facility.
 - No additional collateral shall be asked for additional funding under this Scheme.

7. Invocation of guarantee

- **Information Timelines**
 - NCGTCL to be informed within 90 days from the account being classified as NPA
- **Payment Timelines**
 - 75% within 30 days of lodging the claim (subject to claim being found in order and complete in all respects)
 - 25% on conclusion of recovery proceedings or till the decree gets time barred whichever is earlier

- **Appropriation of recoveries**

- Post invocation of guarantee claim, any recoveries to be appropriated as per the following order:
 - a) Legal cost incurred for recovery
 - b) Balance to be remitted to NCGTCL

8. Ambit Finvest Private Limited Approach [AFPL] :

- AFPL meets eligibility criteria and hence qualified to participate in the scheme. We will register ourselves as MLI by providing required documents.
- We will follow all the above guidelines and ensure compliance with the same.
- AFPL would get in touch with its eligible borrowers and educate them about the scheme.
- Bureau Reports would be triggered for all loans. We would check SMA status as well as Loan Outstanding from the same.
- AFPL would devise and place suitable delegation matrix for approval to Board to enable smooth processing of file.
- Scheme shall also be informed to the borrowers by highlighting the Scheme details on their website.

9. Modification in the Scheme:

Any changes to the current structure and contents of the Scheme shall be suitably incorporated by AFPL.