

**POLICY ON DEFAULT LOSS GUARANTEE (DLG) |  
VERSION 1.0  
BY RISK AND COLLECTION**

**AMU LEASING PRIVATE LIMITED**  
Corporate Office: IREO Grand View Tower, Second Floor, Sector 58, Gurugram,  
122001

## 1. Introduction and Objective

This Policy is framed in accordance with the Reserve Bank of India (RBI) guidelines on Default Loss Guarantee (DLG) arrangements as issued vide the Guidelines on Digital Lending and subsequent clarifications, including the circular on Default Loss Guarantee in Digital Lending dated June 8, 2023, as amended from time to time. The Policy lays down the framework under which AMU Leasing Private Limited ("the Company" / "the NBFC") may enter into DLG arrangements with Lending Service Providers (LSPs) and/or other Regulated Entities (REs) to provide limited credit enhancement, without transferring or diluting the Company's core responsibility for credit appraisal and risk management

## 2. Scope and Applicability

- This Policy shall apply to all digital loans originated and/or serviced through partnerships with LSPs and/or other REs where a DLG arrangement is proposed or in force.
- DLG Provider Eligibility: The DLG provider shall be an entity incorporated under the Companies Act, 2013 and permitted to enter into such arrangements under applicable laws.
- Upfront Specification: The DLG amount applicable to any loan portfolio shall be specified upfront in the agreement and shall, at all times, be capped at a maximum of 5% of the total amount disbursed under such loan portfolio.

## 3. Key Pillars of DLG Arrangement

**No Substitution for Credit Appraisal:** The DLG arrangement shall not relieve AMU Leasing Private Limited of its obligation to undertake independent and robust credit appraisal and underwriting. All loans shall strictly comply with the Company's internal credit policies, risk assessment frameworks, and RBI regulations, irrespective of the availability of DLG cover.

**Form of DLG:** The Company shall accept DLG only in the following permitted forms:

- Cash deposit placed with the NBFC and specifically earmarked for DLG obligations;
- Fixed Deposit (FD) with a lien marked in favour of the NBFC;
- Bank Guarantee (BG) issued in favour of the NBFC.

For AMU Leasing Private Limited

  
Director

**Invocation of DLG:** The DLG shall be invoked strictly in accordance with the contractual terms and within a maximum period of 120 days from the date of default of the respective loan account.

#### 4. Risk Management and Governance

- **Board Approval:** This Policy has been approved by the Board of Directors of AMU Leasing Private Limited. Any material deviation from this Policy shall require prior approval of the Board.
- **Monitoring:** The Risk Management and Compliance functions shall monitor the performance, delinquency trends, and recovery behaviour of DLG-covered portfolios on a monthly basis and place periodic reports before senior management/Board, as applicable.
- **Provisioning:** The Company shall exclude the eligible DLG amount (up to the regulatory cap of 5%) from its loan loss provisioning calculations for stressed assets, subject to RBI guidelines and clarifications, and provided such DLG arrangement does not qualify as a "synthetic securitisation" under applicable regulations.

#### 5. Disclosure and Reporting

**Website Disclosure:** The Company shall disclose on its website, within 7 working days from the end of each month, the following information in respect of DLG arrangements:

- Total number of loan portfolios covered under DLG;
- Amount of each such loan portfolio; and
- DLG cover amount applicable to each portfolio.

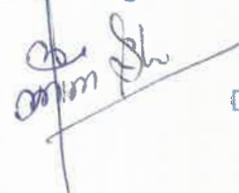
**Agreement Requirements:** All DLG agreements shall clearly and explicitly specify:

- The extent and cap of DLG cover;
- The permitted form of DLG;
- Invocation triggers and timelines; and
- Rights and obligations of the parties.

#### 6. Ceiling on DLG

- **5% Cap:** The DLG cover on the outstanding portfolio shall not exceed 5% of the total amount of that loan portfolio.

For AMU Leasing Private Limited



Director

## 7. Prohibitions

- The NBFC shall not accept DLG in any form other than Cash, Fixed Deposit, or Bank Guarantee.
- DLG shall not be treated as 'synthetic securitization'.

## 8. Review of Policy

This policy shall be reviewed annually by the Board of Directors or as required by new regulatory developments

\*\*\*\*\*End of Document\*\*\*\*\*

For AMU Leasing Private Limited



Director