**ANNEXURE - 4**

**GENERAL TERMS AND CONDITIONS**

These General Terms and Conditions form an integral part of the engagement letter (the "Engagement Letter")

1. **ELIGIBILITY**

Applications are invited for the engagement of Agency for Specialized Monitoring (herein after to be referred to as “ASM”) from the list of Indian Banks’ Association (IBA) Empanelled list for Specialised Monitoring (Valid upto June 30, 2022)

1. **TENURE OF ENGAGEMENT**
   * 1. The tenure of engagement of ASM will be for a period of three years subject to annual review. However, the tenure may vary for a shorter period say 3 months to a maximum up to the period of achievement of Date of Commencement of Commercial Operation (DCCO) in case of project loans, as approved by the Lenders in the consortium.
     2. The annual review will be carried out at the end of every financial year.
     3. In certain accounts, depending upon the requirement, the services of the ASM may be utilized at multiple intervals, as per the mutual consent of the participating lenders within the ambit of 3 years tenure.
2. **FEE STRUCTURE**

The fees of the ASM will range from 0.05% to 0.1% of the loan amount per annum in line with the IBA suggestions, in this regard. Fees approved by the consortium would be the final. Distribution of fees to be paid will be in the same ratio as of the exposure in the consortium.

1. **REVIEW OF PERFORMANCE:**

The performance of the ASM is to be reviewed on annual basis and at the end of every financial year on the following:

1. Quality of report / observations of an ASM
2. Compliance with the scope of work allotted
3. Adherence to timelines etc.
4. **EXPECTATIONS:**

In a broader perspective, ASM is expected to monitor the account /progress /activity as mentioned below:

* + 1. On site as well as off- site monitoring of the business/ project, account and analyze, evaluate and monitor the borrowal account/ project financially as well as technically.
    2. Look into/ track other aspects like Government notifications which may have material impact on borrowal company/industry/sector, all approvals and clearances, price escalation in capital items or raw materials etc.
    3. Extent of involvement of promoters/top management of the company in day to day operations/decision making as well as strategic decision making and evaluation of the same.
    4. Conduct root cause analysis of the incipient sickness/stress in the borrowal account and suggest remedial measure to Branch.
    5. To take the concern area from Bank as well as promoter and suggest remedial measure during the term of engagement.

\*The above expectations are just illustrative and not exhaustive.

1. **REPORTING:**
   * 1. The reporting as per the format enclosed as **Annexure - 5** are to be made on quarterly basis within 10 days of successive Month of every quarter, strictly as per the scope of work.
     2. However, on case to case basis, periodicity may be decided based upon type, nature of finance and status of borrowal account in term of stress/criticality.
     3. ASM shall submit original report (signed copy) to the concern Branch and also send soft copy of the same to Credit Monitoring Department Head Office and concerned Zonal Office (in case of branch other than FCC) through designated e- mail id.
2. **TERMINATION:**
   * 1. In the event of any adverse report / observations on the performance of the ASM, Bank can terminate the assignment before the completion of three years by giving due notice to ASM. However, opportunity will be given to the ASM to submit their response in writing within 7 days from the receipt of notice. Final decision in this regard would be at sole discretion of the Bank.
     2. While terminating the services of ASM, proportionate share of fees shall be paid for the work executed by the ASM.
3. **BLACKLISTING:**

Bank reserves the right to blacklist the ASM if it finds that there is misreporting/non-compliance of terms and conditions of the Bank on the part of ASM and the same shall be reported to Indian Banks’ Association (IBA).

The Bank, if deems fit on account of gaps / incomplete information, may give a chance of hearing to the concerned ASM and after the hearing, the decision of the Bank shall be final.

1. **OTHERS:**

i. The ASM will perform the services in accordance with the applicable standards of professional conduct.

ii. The ASM shall provide the services to the Bank as an independent entity.

iii. The ASM should have on site presence at any place of business(s) of the borrowal account.

iii. ASM shall give specific declaration that they have not been associated with the Company/Firm in the past for loan syndication/LIE/TEV/Statutory Audit/Consultancy in the last five financial years. ASM will also undertake not to engage with the borrower’s company/Firm in any capacity during the course of engagement as ASM.

iv.The ASM proposed to be engaged will be required to execute a Confidentiality and Non- Disclosure Agreement (**Annexure C**) before taking up the assignment.