

VENUS INDIA ASSET-FINANCE PRIVATE LIMITED

Policy on Resolution of Covid-19 related stress of Individuals and Small Businesses

Approved on
14th May
2021

For & on behalf of Board of Directors of
Venus India Asset-Finance Private Limited

➤ ACCOUNTS/BORROWERS OTHER THAN MSME

Reserve Bank of India has provided a framework to enable the lenders to implement a resolution plan subject to specified conditions vide notification RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 (hereinafter referred as “**Resolution Framework 2.0 for COVID- 19-related Stress**”).

Eligible Customers/Borrowers

Individuals who have availed of Personal loans and/or advances for business purposes as well as Small Businesses, other than MSMEs to whom Lending Institutions have aggregate exposure of not more than ₹25 crores, as on March 31, 2021; and who have not availed of any resolution in terms of the Resolution Framework – 1.0 subject to the special exemption mentioned at Clause 22 of said notification namely Resolution Framework.2.0 RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021, provided that credit facilities/ Investments exposure to such Borrowers, were classified as ‘Standard’ as on March 31, 2021, are eligible to be considered under Resolution Framework 2.0.

Process timelines:

The resolution plan should be finalized and implemented within 90 days from the date of invocation of the resolution process under this framework. The resolution plan shall be deemed to be implemented only if all the conditions in Paragraph 10 of the Annex to the Resolution Framework 1 dated 06.08.2020 (RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21) are met.

Permitted Features &Duration:

The resolution plans implemented under Resolution Framework 2, may inter alia include rescheduling of payments, conversion of any interest accrued or to be accrued into another credit facility, revisions in working capital sanctions, granting of the moratorium, etc. based on an assessment of income streams of the borrower. However, compromise settlements are not permitted as a resolution plan for this purpose. The moratorium under Resolution Framework 2, if granted, can be granted for a maximum period of 2 years and come into force immediately upon implementation of the resolution plan. The extension of the residual tenor of the loan facilities may also be granted to borrowers, with or without a payment moratorium. The overall cap on an extension of residual tenor, inclusive of the moratorium period if any permitted, shall be two years.

Approval for additional finance:

In case a resolution process has been invoked, then the company is permitted to sanction additional finance even before the implementation of the resolution plan in order to meet the interim liquidity requirements of the borrower. This facility of additional finance may be classified as 'Standard' till the implementation of the plan, regardless of the actual performance of the borrower in the interim. However, if the resolution plan is not implemented within the stipulated timelines, the asset classification of the additional finance will be as per the actual performance of the borrower with respect to such additional finance or performance of the rest of the credit facilities, whichever is worse.

Asset Classification:

The loans are required to be classified as 'Standard' loans as on March 31, 2021. This asset classification may be retained as such upon implementation, whereas borrowers' accounts which may have slipped into NPA between invocation and implementation may be upgraded as 'Standard', as on the date of implementation of the resolution plan. Any subsequent asset classification for such exposures will be governed by the criteria laid out in the 'Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances' dated July 1, 2015, or other relevant instructions as applicable to any specific category of lending institutions. The Company will have to revoke the scheme anytime up to September 30, 2021.

Disclosures and Credit Reporting

- The company shall publish quarterly financial statements shall make disclosures in their financial statements for the quarters ending September 30 and December 31, 2021. The resolution plans implemented in terms of Part A of this framework should also be included in the continuous disclosures required as per Resolution Framework 1.

- The number of borrower accounts where modifications were sanctioned and implemented and the aggregate exposure of the lending institution to such borrowers may also be disclosed on a quarterly basis, starting from the quarter ending June 30, 2021.
- The Company are required to publish only annual financial statements shall also make the required disclosures in their annual financial statements.
- Credit reporting by financial institutions where borrower accounts have been restructured under this framework shall reflect the 'restructured due to Covid-19' status of the account.

Governance and Primary Responsibilities

The Board of Directors had been approved this Policy for implementation and the Investment Committee of the Company shall approve all the restructuring requests on the basis of the policy.

Note: All the restructure under the abovesaid policy shall be in line with RBI Circular No RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 05th May 2021(Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses)

➤ ACCOUNTS/ BORROWER ARE MSME

Reserve Bank of India has extended the facility for restructuring existing loans granted to the **Micro, Small and Medium Enterprises (MSMEs)**, without a downgrade in the asset classification, subject to the following conditions as provided Under **Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)** RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated 05.05.2021 :

Eligible Customers/Borrowers

- (i) The borrower should be classified as a micro, small or medium enterprise as on March 31, 2021, in terms of the Gazette Notification S.O. 2119 (E) dated June 26, 2020.
- (ii) The borrowing entity is GST-registered on the date of implementation of the restructuring. However, this condition will not apply to MSMEs that are exempt from GST registration. This shall be determined on the basis of the exemption limit obtaining as on March 31, 2021.
- (iii) The aggregate exposure, including non-fund-based facilities, of all lending institutions to the borrower does not exceed ₹25 crores as on March 31, 2021.
- (iv) The borrower's account was a 'standard asset' as on March 31, 2021.
- (v) The borrower's account was not restructured in terms of the circulars dated August 6, 2020; February 11, 2020; or January 1, 2019 (collectively referred to as MSME restructuring).
- (vi) The restructuring of the borrower account is invoked by September 30, 2021
- (vii) The restructuring of the borrower account is implemented within 90 days from the date of invocation.
- (viii) If the borrower is not registered in the Udyam Registration portal, such registration shall be required to be completed before the date of implementation of the restructuring plan for the plan to be treated as implemented.

Asset Classification:

In respect of restructuring plans implemented as per Resolution Framework 2, asset classification of borrowers classified as standard may be retained as such, whereas the accounts which may have slipped into the NPA category between April 1, 2021, and the date of implementation may be upgraded as 'standard asset', as on the date of implementation of the restructuring plan.

Features:

- Upon implementation of the restructuring plan, the company shall keep the provision of 10 percent of the residual debt of the borrower.
- In respect of accounts of borrowers which were restructured in terms of the MSME restructuring circulars, the company may as a one-time measure review the working capital sanctioned limits and/or drawing power based on a reassessment of the working capital cycle, reduction of margins, etc. without the same being treated as restructuring.

Governance and Primary Responsibilities

The Board of Directors had been approved this Policy for implementation and the Investment Committee of the Company shall approve all the restructuring requests on the basis of the policy.

Note: All the restructure under the abovesaid policy shall be in line with RBI Circular No RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated 05th May 2021 (Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs).

VENUS INDIA ASSET-FINANCE PRIVATE LIMITED

Policy on Resolution of Covid-19 related stress of Individuals and Small Businesses

Approved on
14th May
2021
(amended on
07th June
2021)

For & on behalf of Board of Directors of
Venus India Asset-Finance Private Limited

➤ **ACCOUNTS/BORROWERS OTHER THAN MSME**

Reserve Bank of India provided a framework to enable the lenders to implement a resolution plan subject to specified conditions vide notification RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 (hereinafter referred as “**Resolution Framework 1.0 for COVID- 19-related Stress**”).

Subsequently, the Reserve Bank of India provided a framework to enable the lenders to implement a resolution plan subject to specified conditions vide its subsequent notification RBI/2021-22/46 DOR.STR.REC.20/21.04.048/2021-22 dated June 4, 2021 (hereinafter referred as “**Resolution Framework 2.0 for COVID- 19-related Stress**”), consequent upon which the Eligibility Criteria with respect to the Customers/Borrowers, stood amended. The said amended/modified eligibility criteria is as under:

Eligible Customers/Borrowers

Individuals who have availed of Personal loans and/or advances for business purposes as well as Small Businesses, other than MSMEs to aggregate exposure is not more than ₹50 crores, as on March 31, 2021;

Note: All other provisions of circulars dated 05th May 2021 and Policy on Resolution of Covid-19 related stress of Individuals and Small Businesses dated 14.05.2021 shall remain applicable mutatis mutandis.

Governance and Primary Responsibilities

The Board of Directors had been approved this Policy for implementation and the Investment Committee of the Company shall approve all the restructuring requests on the basis of the policy.

Note: All the restructure under the abovesaid policy shall be in line with RBI Circular No RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 05th May 2021 and RBI Circular No RBI/2021-22/46 DOR.STR.REC.20/21.04.048/2021-22 dated June 4, 2021 (Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses and Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses – Revision in the threshold for aggregate exposure)

➤ **ACCOUNTS/ BORROWER ARE MSME**

Reserve Bank of India extended the facility for restructuring existing loans granted to the **Micro, Small and Medium Enterprises (MSMEs)**, without a downgrade in the asset classification, subject to the following conditions as provided Under **Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)** RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated 05.05.2021 :

Subsequently the Reserve Bank of India has extended the facility for restructuring existing loans granted to the **Micro, Small and Medium Enterprises (MSMEs)**, without a downgrade in the asset classification, subject to the following conditions as provided under **Resolution Framework - 2.0: Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) – Revision in the threshold for aggregate exposure (MSMEs)** RBI/2021-22/47 DOR.STR.REC.21/21.04.048/2021-22 dated **04.06.2021** and consequent upon which the Eligibility Criteria with respect to the Customers/Borrowers, stood amended. The said amended/modified eligibility criteria is as under:

:

Eligible Customers/Borrowers

The aggregate exposure, including non-fund-based facilities, of all lending institutions to the borrower upto Rs.50 crores as on March 31, 2021.

Note: All other provisions of circulars dated 05th May 2021 and Policy on Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) dated 14.05.2021 shall remain applicable mutatis mutandis.

Governance and Primary Responsibilities

The Board of Directors had been approved this Policy for implementation and the Investment Committee of the Company shall approve all the restructuring requests on the basis of the policy.

Note: All the restructure under the abovesaid policy shall be in line with RBI Circular No RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated 05th May 2021 (Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) and Resolution Framework - 2.0: Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) – Revision in the threshold for aggregate exposure (MSMEs) RBI/2021-22/47 DOR.STR.REC.21/21.04.048/2021-22