SAMUNNATI FINANCE PRIVATE LTD	
POLICY	Policy on Restructuring of Loans to Individuals and small business
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1. Introduction

The ongoing COVID-19 crisis has not only created a worldwide health emergency but has also stressed the financial situation of individuals and businesses alike. In India, the second wave of the Covid-19 is impacting economic activity owing to state wise/localised lockdown. With the objective of alleviating the potential stress to individual and small business, the RBI decided to offer a limited window to implement resolution plan to the stressed borrower/firms which have good track record and facing financial stress on the account of COVID-19 leading to debt burden becoming disproportionate relative to their cash flow generation abilities. These measures are broadly in line with the contours of the Resolution Framework - 1.0 with notification No (DOR.No.BP.BC/3/21.04.048/2020-21 Date: August 6, 2020) with suitable modifications communicated by RBI vide Resolution Framework – 2.0 through notification No.RBI/2021-22/31-DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021. This also includes the amendment communicated by RBI vide notification No. RBI/2021-22/46 DOR.STR.REC.20/21.04.048/2021-22 dated June 4, 2021.

2. Borrower eligibility

- Individuals who have availed loan for personal purpose, excluding the credit facilities provided by lending institutions to their own personnel/staff.
- Individuals who have availed of loans and advances for business purposes and to whom the lending institutions have aggregate exposure of not more than INR 50 Crores as on March 31, 2021.
- Small businesses, including those engaged in retail and wholesale trade, other than those classified as micro, small and medium enterprises as on March 31, 2021, and to whom the lending institutions have aggregate exposure of not more than INR 50 Crores as on March 31, 2021
- Credit facilities / investment exposure to the borrower was classified as Standard by the lending institution as on March 31, 2021.

3. Permitted features

- The resolution plans implemented under this window 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 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 this framework if granted, can be for a period of 2 years and come into force immediately upon implementation of the resolution plan. Any extension of residual tenor of the loan facilities which are granted to the borrower (inclusive of moratorium, if permitted) shall be for a period of 2 years.
- The mandatory conditions to be satisfied for implementing resolution plan:
    - Completion of documentation related to execution of necessary agreements between lending institutions and borrower and collaterals provided if any, are completed by the lenders concerned in consonance with the resolution plan being implemented.
    - The revised terms and condition to be duly reflected in books of lending institution.
    - borrower is not in default with the lending institution as per the revised terms.
- The resolution plan may also provide for conversion of a portion of the debt into equity or other marketable, non-convertible debt securities issued by the borrower, wherever applicable, and the same shall be governed in term with circular with notification No (DOR.No.BP.BC/3/21.04.048/2020-21 Date: August 6, 2020).

4. Implementation

- Customers are requested to reach out to respective Relationship Manager (RM) for the application of restricting and provide the associated documents and declarations to RM.

- The customer can also contact any of the officials of the company directly, who in turn will refer the case to the Business Head/Credit Head for consideration. The borrower can also express his grievances, if any in respect of the resolution plan to the official concerned.
- Approval from Executive Director is required for considering the borrower under this scheme. The decision to invoke the restructuring shall be taken independent of the invocation decisions of other financial institutions having exposure with borrower.
- Within 30 days of the receipt of borrower application, business team shall communicate in writing to applicant(borrower) about the decision of invoking restructuring under this facility.
- Business team shall provide the information of the borrower to credit team for preparing resolution plan.
- Credit team shall evaluate the cause for the stress in the borrower's account and for prepare the resolution plan, after satisfying the genuineness of the causes leading to stress.
- Credit team submit the resolution plan to Sanctioning Authority and authority shall decide on whether to approve/ reject/ amend the resolution plan recommended by credit team.
- The decision to invoke the restructuring shall be taken independent of the invocation decisions of other financial institutions having exposure with borrower.
- The resolution plan to be strategized and implemented in a time bound manner as per RBI guidelines. The restructuring of the borrower account to be implemented within 90 days from the date of invocation.
- The last date for invocation of resolution permitted under this window is September 30, 2021.

5. Working capital support to small business

- Accounts of Borrowers which were earlier restructured in terms of Resolution framework-1.0 can be considered as a one-time measure to 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.
- Any decision regards to above on the borrower accounts to be implemented on or before 30th September, 2021 with the margins and working capital limits being restored to the levels as per the resolution plan implemented under Resolution Framework – 1.0, by March 31, 2022.

6. Review and Monitoring

- Collection team in coordination with business team shall review the performance of resolution plan and share the portfolio quality report of the borrowers considered for resolution plan to Executive director on monthly basis.

7. Implications

- Conditions applicable for Asset classification and provisioning shall be assessed as per the RBI guidelines for Resolution framework-2.0 detailed in the circular DOR.STR.REC.11/21.04.048/2021-22 Dated:-May 5,2021.

8. Disclosures and Credit reporting

- Samunnati shall make appropriate disclosures in its financial statements, relating to resolution plans/ implemented as per prescribed timeframe and format.
- The policy shall be disclosed in the public domain and placed on the company website in a prominent and easily accessible manner.
- The credit reporting in respect of borrowers where the resolution plan is implemented under this window shall reflect the "restructured due to COVID19" status of the account. The credit history of the borrowers shall consequently be governed by the respective policies of the credit information companies as applicable to accounts that are restructured.