LOAN RESTRUCTURING POLICY

OF

YVU FINANCIAL SERVICES PRIVATE LIMITED

Document version control

Version	**Approved by the Board on**
1.0	6th March 2021

1. Introduction

This Policy is effective from the date of approval of this Policy by the Board. Any Deviation from this policy requires the approval from the Board of Directors.

YVU Financial Services Private Limited (hereinafter referred to as YFS), a Company within the meaning of The Companies Act, 2013 and also registered as Non-Banking Financial Company – Micro Finance Institution (NBFC-MFI), under Section 45-IA of the Reserved Bank of India Act, 1934, provides microfinance services in the state of Manipur, Assam and Tripura of India. The economic fallout on account of the COVID-19 pandemic has led to significant financial stress for borrowers nationwide and the resultant stress can potentially impact the long- term viability of many micro and small entrepreneurs due to their debt burden becoming disproportionate relative to their cash flow generation abilities. As on 28th February 2021, the Company had over 5510 clients in default.

Considering the above, the RBI provided a window under the Prudential Framework and enabled the lenders to provide a resolution framework to the eligible borrowers for repayment of their loan by way of restructuring the loan or extending the tenure for repayment of the debt.

2. Objective of the Policy

The objective of the Policy is to facilitate the overall revival of real sector activities in the long run, and to save the Company from having an impact on its financial stability risks due to the debt burden of borrowers becoming disproportionate relative to their cash flow generation abilities by implementing resolution plans for the eligible borrowers.

3. Eligibility for resolution under this Policy

The Company shall take into consideration only the Eligible Borrowers for the purpose of considering and implementing the resolution plans. Loan accounts which fulfil the following criteria will be eligible for restructuring:

1. Loan accounts was classified as Standard Asset as on 1st March 2020 but is in default as on 28th February 2021

Keeping in view the RBI guidelines issued from time to time, the Board will consider and provide suitable resolution/restructuring plans for the Eligible Borrowers.

4. Timelines for resolution

The restructuring of the borrower account shall be implemented by March 31, 2021.

5. Implementation of resolution

A restructuring of loan would be treated as implemented upon fulfilment of all of the following conditions:

a. All related documentation, including execution of necessary agreement(s), if any, between Lender and Eligible Borrower are completed.
b. The new loan amount and/ changes in the terms and conditions of the existing loan account get duly reflected in the books of accounts of the Lender.

Following will be the new Repayment Tenure of Restructured Accounts

a. 12 Months for those loans outstanding which are up to INR 30,000, combining both outstanding Principal and Interest as on 28th February 2021.
b. 24 Months for those loans outstanding which are above INR 30,000, combining both outstanding Principal and Interest as on 28th February 2021.
c. Repayment of Restructured Accounts will start from 2nd May, 2021

6. Due Diligence Process

The Company on receipt of a request from the Eligible Borrower, shall evaluate the proposal for restructuring of the personal loan account(s) including evaluation of necessary documents.

On due evaluation of the request submitted by the Eligible Borrower, the concerned team of the Company shall execute with the Eligible Borrower necessary amendment agreement or other necessary documents in order to record the revised terms and implement viable resolution plan(s), as provided in clause 5 herein above.

7. Prudential Norms

a. Disclosure in the Financial Statement: The Company shall make appropriate disclosures about the restructured accounts in terms of this Policy in its annual financial statements under the “Notes to Accounts”.
b. Credit Reporting by the Company: The restructuring of loan granted to the Eligible Borrowers under this Policy will be treated as new restructured loan account and the credit history of the Eligible Borrowers shall consequently be governed by the respective policies of the credit information companies as applicable to accounts that are restructured.
c. The restructuring of the borrower account shall be implemented by March 31, 2021. Asset classification of borrowers classified as standard may be retained as such,

whereas the accounts which may have slipped into NPA category between March 2, 2020 and date of implementation may be upgraded as 'standard asset', as on the date of implementation of the restructuring plan.

d. As hitherto, for accounts restructured under this Policy, the Company shall maintain additional provision of 5% over and above the provision already held by it.

8. Miscellaneous

a. The Board approved policy on restructuring of stressed assets will be hosted on the Company's website for our customers information and benefit.
b. The Policy shall be reviewed as and when required by the applicable rules and regulations.
c. While Policy outlines the broad internal guidance that the Company will follow to take decisions regarding this restructuring of stressed assets/loan, the Company retains the discretion to take decisions regarding this Policy depending on case specific issues or nuances. The Company reserves the right to amend the Policy within the framework of RBI guidelines.