APTUS FINANCE INDIA PRIVATE LIMITED

Restructuring Policy - Resolution Framework 2.0 for COVID-19 Related Stress

Reserve Bank of India, vide its Circular RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 has issued the Resolution Framework 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses. This is in succession to the circular DOR. No. BP.BC/3/21.04.048/2020-21 dated August 6, 2020 on "Resolution Framework for COVID-19-related Stress" ("Resolution Framework – 1.0").

In line with the above, this policy is being framed for the implementationof viable resolution plans for eligible borrowers under the Resolution Framework 2.0. The policy inter alia, lays down the eligibility of borrowers in respect of whom the Company shall be willing to consider the resolution, the due diligence considerations to be followed by the Company, to establish the necessity of implementing aresolution plan, the types of resolution plans and their invocation.

Under the Resolution Framework 2.0, Aptus Finance India Private Limited ("the Company") is permitted to offer a limited window to eligible customers to implement resolution plans in respect of their credit exposures while classifying the same as Standard upon implementation of the resolution plan, if their cash flows are impacted due to the Covid pandemic.

Eligible customers:

- Individuals who have availed personal loans, excluding the credit facilities provided by the Company to its own personnel/staff.
  "Personal loans" refers to loans given to individuals and consist of (a) consumer credit, (b) education loan and (c) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.)

- Individuals who have availed of loans and advances for business purposes and to whom the lending institutions have aggregate exposure of not more than Rs.25 crore 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 Rs.25 crore as on March 31, 2021.
- Customers who have not availed of any resolution under the Resolution Framework 1.0.
- Customers whose accounts are classified as "Standard" as on March 31, 2021.
- Customers should, in the opinion of the Company, have been impacted on account of COVID-19. The Customers should have had or continue to experience financial stress on account of COVID-19.

Resolution Plan:

Based on an assessment of income streams of the eligible customer, the resolution plans available under this framework may include:

- Rescheduling of payments,
- Conversion of any interest accrued or to be accrued into another credit facility,
- Granting of moratorium. The moratorium period, if granted, may be for a maximum of two years, and shall 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 payment moratorium. The overall cap on extension of residual tenor, inclusive of moratorium period, if any, permitted, shall be two years.

Asset Classification:

- the asset classification of the borrower's accounts shall be standard.
- Any account, if slipped in to NPA between invocation and implementation, may be upgraded as standard.

Invocation of the Resolution Plan:

The Company may invite applications from eligible borrowers towards invocation and implementation of the Resolution Plan. The impact of COVID-19 on the cash flows of the borrowers shall be evaluated by the Company. If the Company's appraisal indicates financial stress to the borrower on account of COVID-19, the Company and the borrower may choose to invoke and implement the Resolution Plan.

The Company shall devise a standard format of the application form to be submitted by the borrower. The request in the specified form for invocation of the Resolution Plan should have been received by the Company latest by September 30, 2021.

Once the application is submitted by the borrower, the Company shall undertake a due diligence process to ascertain the impact of COVID-19 on the cash flows / incomes of the borrower. The due diligence may be undertaken by the branch officials / credit officials / customer care wherein they would reach out to the customer in person or over phone and ascertain the impact. The same shall be documented and kept as part of the borrower file.

The decision of the Company to proceed with the Resolution Plan or not shall be communicated to the borrower not later than 30 days from the receipt of the borrower request for such resolution.

Implementation of the Resolution Plan:

Once the request is received from the borrower, and the Company has completed its due diligence process and established the need for implementing the Resolution Plan, the Company, in consonance with the borrower, would ascertain the Resolution Plan to be provided to the borrower. Once the borrower has agreed, the Resolution Plan shall be implemented through execution of necessary documentation, as required by the Company.

Disclosure and Credit Reporting:

- Disclosures to be made as per the prescribed format in financial statements for the quarters ending September 30, 2021 and December 31, 2021.

- The credit reporting of borrowers where the resolution plan is implemented shall reflect the "restructured due to COVID- 19". 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.