

Vistaar Financial Services Private Limited

## RBI COVID-19 Board Policy 2.0

### **Preface:**

Vistaar Financial Services Private Limited (“Company”) is a Non-Banking Financial Company (NBFC) based out of Bengaluru and is registered with and regulated by the Reserve Bank of India (RBI). .

Individuals, Small Businesses and Micro, Small and Medium Enterprise’s (MSME’s) form the core segments of the Company’s lending philosophy. This document specifies the policy for restructuring of advances made to the target segments and is in line with the restructuring requirements and parameters specified by the RBI.

This Master Policy is divided into two parts namely,

- I. Restructuring of advances to Individuals and Small Businesses and
- II. Restructuring of advances to MSME’s

The Policy has been approved and adopted by the Board of Directors of the Company on May 18, 2021

## I. POLICY ON RESTRUCTURING - ADVANCES TO INDIVIDUALS AND SMALL BUSINESSES

### Background

The Reserve Bank of India (RBI) vide its Circular DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 provided Resolution Framework for COVID-19 related stress and in pursuance of which, a Board approved policy was put in place by the Company.

The RBI vide its Circular No: DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 announced a set of new measures to deal with potential stress to individual borrowers and small businesses. This policy incorporates the guidelines of the RBI given by Circular No: DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021.

This policy shall be posted on the website of the Company for the information of the stakeholders.

This policy shall apply to restructuring of loans availed by individuals and small businesses.

#### 1. Definitions:

Individual Borrower (IB) shall mean individuals who have borrowed loans from the Company for business purposes or for acquisition of assets (properties) and the total loan exposure of the Company to such individuals does not exceed Rupees Twenty Five Crores as on March 31, 2021.

Small Business Borrower (SBB) shall mean and include those business(es) which are engaged businesses including retail or wholesale trade and the total loan exposure of the Company to such business does not exceed Rupees Twenty Five Crores as on March 31, 2021, but excluding Micro, Small and Medium Enterprises reckoned as on March 31, 2021.

#### 2. Eligibility and due diligence

The Company shall frame appropriate operating guidelines and due diligence procedures to assess and establish the necessity of implementation of a resolution plan for customers.

Once the applications are received from borrowers seeking restructuring of their loans, the process shall be completed within 30 days from the date of receipt of application and the customer shall be communicated with the decision of the Company.

#### 3. Asset Classification

The Borrower's (IB and SBB) account shall have been classified as a Standard Asset in accordance with the applicable prudential norms as on March 31, 2021. Accounts which have slipped into Non-Performing category between the date of invocation and the date of implementation may be upgraded / rec-classified as a Standard Asset as on the date of implementation of the restructuring plan. Any subsequent classification shall be subject to applicable prudential norms.

**4. Restriction on earlier restructuring**

The Borrower's (IB and SBB) account should not have been restructured earlier in terms of applicable RBI circulars on restructuring. Any exceptions or one time relief provided by RBI shall be applicable including the conditions thereof.

Any extension in residual tenor of loans whether with or without moratorium shall not exceed in the aggregate, a period of two years. Any earlier or later time limits specified by the RBI shall apply.

**5. Grievance Redressal**

The mechanisms for grievance redressal are as detailed below;

Reception Number	080-4666 0900	Available from 9AM to 6PM on working days
Missed Call number	080-3008 8494	We shall call back within 24 hours of receiving the call
Email	<a href="mailto:contactus@vistaarfinance.com">contactus@vistaarfinance.com</a> contactus@vistaarfinance.in	Will be responded back by the customer support team

**6. Invocation and Implementation of Restructuring**

The restructuring of the borrower's (IB and SBB) account shall be invoked on or before September 30, 2021 and shall be implemented within 90 days thereof. Any earlier or later time limits specified by the RBI shall apply.

**7. Provisioning**

Appropriate provisioning shall be maintained from the date of implementation which shall be the higher of the following;

- a. Provisions held or required to be held as per the extant Income Recognition and Asset Classification (IRAC) norms immediately before implementation date or
- b. 10% (Ten Percentage) of the renegotiated debt exposure of the lending institution post implementation which shall include the portion of non-fund based facilities that may have devolved into fund based facilities after the date of implementation.
- c. Any statutory change(s) to the provisioning norms shall apply and override the provisioning norms under this policy from time to time.

Half of the above provisions may be written back upon the borrower paying at least 20 percent of the residual debt without slipping into NPA post implementation of the plan, and the remaining half may be written back upon the borrower paying another 10 percent of the residual debt without slipping into NPA subsequently.

Provided that the above provisions shall not be written back before one year from the commencement of the first payment of interest or principal (whichever is later) on the credit facility with the longest period of moratorium.

**8. Other Conditions**

- a. Compromise settlements shall not form part of the resolution plan under this policy.
- b. Moratorium period granted as part of the resolution plan shall come into effect immediately upon implementation of the resolution plan and shall not in any case exceed a period of two years. Any earlier or later time limits specified by the RBI shall apply
- c. Overall cap on the moratorium period or extension of the repayment tenure under the earlier resolution framework and the framework governing this policy shall be a period of two years.
- d. All disclosure and reporting requirements specified under the RBI Circulars shall be complied with including credit reporting reflecting the “restructured due to COVID-19” status of the account.

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## II. POLICY ON RESTRUCTURING - ADVANCES TO MSME'S

### Background

The Reserve Bank of India (RBI) vide its Circular DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 provided guidelines to Lending Institutions in respect of restructuring of advances made to Micro, Small and Medium Enterprises (MSME's) and in pursuance of which, a Board approved policy was put in place by the Company.

The RBI vide its Circular No: DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021 extended the facility for restructuring the existing loans without a downgrade in the asset classification subject to certain conditions. This policy incorporates the guidelines of the RBI given by Circular No: DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021.

This policy shall be in addition to the existing policy on restructuring of advances to MSME's with the following additional conditions and shall be read in consonance with the existing policy.

The term "Borrower" for the purpose of this policy shall mean an entity which has been classified as a Micro, Small or Medium Enterprise in accordance with the Statutory Order (SO) 2119(E) dated June 26, 2020 of the Government of India and published in the Official Gazette.

#### 1. Classification

The Borrower shall be classified as Micro, Small or Medium Enterprise as on March 31, 2021

#### 2. Eligible borrower

The aggregate exposure, including non-fund based facilities, of all lending institutions to the borrower does not exceed ₹25 crore as on March 31, 2021.

#### 3. Asset Classification

The Borrower's account shall have been classified as a Standard Asset in accordance with the applicable prudential norms as on March 31, 2021. Accounts which have been classified as Non-Performing between April 01, 2021 and the date of implementation may be upgraded / re-classified as a Standard Asset as on the date of implementation of the restructuring plan.

#### 4. Restriction on earlier restructuring

The Borrower's account should not have been restructured earlier in terms of applicable RBI circulars on restructuring.

Any specific relief provided by the RBI to existing restructured cases would be considered in accordance with the guidelines received from RBI.

**5. Invocation and Implementation of Restructuring**

The restructuring of the borrower account shall be invoked on or before September 30, 2021 and shall be implemented within 90 days thereof. Any earlier or later time limits specified by the RBI shall apply.

**6. GST and Udyam Registration**

The Borrower shall possess a valid GST Registration Number. GST Registration shall not be compulsory in respect of MSME's which are exempt from GST registration requirements. The cut off date for reckoning GST registration requirements shall be March 31, 2021.

The Borrower shall also possess a valid Udyam Registration Number and in case where registration has not been obtained, such registration shall be obtained before implementation of the restructuring plan.

**7. Conditions precedent**

The above measures shall be contingent on the Company satisfying itself that the same is necessitated on account of the economic fallout from Covid-19.

**8. Provisioning**

A provision of 10% (Ten Percentage) of residual debt of the borrower shall be maintained upon implementation of the restructuring plan.

**9. Other conditions**

**10.** Compromise settlements shall not form part of the resolution plan under this policy.

**11.** All disclosure and reporting requirements specified under the RBI Circulars shall be complied with including credit reporting reflecting the "restructured due to COVID-19" status of the account.

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