

**POLICY ON MORATORIUM - RESOLUTION OF COVID 19 RELATED STRESS OF
INDIVIDUALS AND SMALL BUSINESSES**

(Pursuant to the Reserve Bank of India's circular on "Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses)

1. **PREAMBLE**

- 1.1 Vivriti Capital Private Limited ("VCPL") is a non-banking financial company ("NBFC") registered with the Reserve Bank of India ("RBI").
- 1.2 VCPL has provided financial assistance to various persons in the form of Loans (as defined below) including through co-lending arrangements with other Lending Institutions (as defined below). VCPL has also purchased receivables in respect of certain identified Loans originated by the other Lending Institutions through direct assignment transactions with such Lending Institutions.
- 1.3 RBI has prescribed certain regulatory measures to mitigate the financial stress caused by the COVID-19 pandemic vide its circular bearing reference number DOR.STR.REC.11/21.04.048/2021-22 *dated May 5, 2021* on "Resolution Framework – 2.0: Resolution of Covid 19 related stress of Individuals and Small Businesses" and DOR.STR.REC.20/21.04.048/2021-22 *dated June 4, 2021* on "Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses – Revision in the threshold for aggregate exposure" ("RBI Circular"). RBI Circular, *inter alia*, requires Lending Institutions (including NBFCs) to have a viable resolution plan approved by its board of directors ("Board") for providing a resolution to the eligible borrowers having stress on account of COVID 19, and the eligibility criteria in relation to providing such resolution to such eligible borrowers.
- 1.4 Unless otherwise defined, capitalised terms have the meanings given to them in the "legend" provided at the end of this policy.

2. **OBJECTIVES**

- 2.1 To prescribe the framework for providing a moratorium in respect of Loans to eligible borrowers of VCPL ("VCPL Borrowers").
- 2.2 To prescribe the mechanism for VCPL Borrowers to avail a moratorium pursuant to the RBI Circular.

3. **RESOLUTION PLAN**

- 3.1 Pursuant to the RBI Circular, VCPL may provide a resolution plan in respect of Loans to VCPL Borrowers. The resolution plan shall be dealt in accordance with this policy.
- 3.2 This policy shall apply in respect of the following:

(i) **Loans:**

- (i) Individuals who have availed personal loans, excluding the credit facilities provided by lending institutions to their own personnel/staff.
- (ii) 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.50 crore as on March 31, 2021.
- (iii) 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.50 crore as on March 31, 2021

Provided that

- a. the borrower accounts / credit facilities shall not belong to the categories listed in sub-clauses (a) to (e) of the Clause 2 of the Annex to the Reserve Bank of India's circular bearing reference No. 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**"), read with the response to Sl. No. 2 of FAQs on Resolution Framework for Covid-19 related stress (Revised on December 12, 2020)
- b. the borrower accounts should not have availed of any resolution in terms of the Resolution Framework – 1.0
- c. the credit facilities / investment exposure to the borrower was classified as Standard by the lending institution as on March 31, 2021.

Where VCPL Borrower is Eligible for resolution

- (A) if the Designated Personnel is satisfied with the request received, VCPL will provide a confirmation to the VCPL Borrower along with a format of the addendum letter¹. VCPL Borrower shall submit the signed and accepted copy of the addendum letter in original to VCPL;
- (B) the revised repayment schedule will be determined by VCPL taking into account the requirements prescribed by the RBI Circular²;
- (C) the addendum letter in the form prescribed in Annexure I of this policy will, *inter alia*, contain the repayment schedule and the key provisions specified herein below:
 - i. the interest payable on the Loans as shall continue to accrue during the Moratorium/ resolution Period and shall become due and payable after the expiry of the Moratorium/ resolution Period in accordance with the Repayment Schedule specified in the addendum letter, or as provided from time to time.
 - ii. the resolution plan explicitly excludes compromise settlements
 - iii. Right to require the VCPL Borrower to furnish the bank account statements and such other information, reports and documents on monthly basis and at any time during the moratorium/ resolution period and thereafter until the Final Settlement Date;
 - iv. During the subsistence of the Moratorium/ resolution period, VCPL Borrower shall not make payment of any amounts due to any of its RBI regulated creditors, with respect to any other term loans and working capital loans (of whatsoever nature) availed by VCPL Borrower,

¹ Paragraph 29(1) of the RBI's Master Direction issued on September 1, 2016 on "Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016" prescribes as follows: **29. Disbursement of loans including changes in terms and conditions (1) Applicable NBFCs shall give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.**".

² Paragraph 12 of the RBI Circular prescribes that " 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 ".

without the prior written consent of VCPL. In the event VCPL Borrower makes any payment in violation of the conditions stipulated above, the Moratorium/ resolution shall cease with immediate effect and the Original Repayment Schedule(s) shall stand re-instated with respect to the Facility(ies) availed from VCPL. Further, in such an event, VCPL Borrower shall pay the unpaid instalment, if any, on account of the Moratorium/ resolution granted along with the immediately succeeding instalment payable in accordance with the Original Repayment Schedule.

(ii) **Co-lending Arrangements:**

- (i) VCPL has entered into various co-lending arrangements with other Lending Institutions ("**Co-lending Partner**") wherein either the whole or a part of various Loans is provided by VCPL, and all monitoring and servicing of such Loans is undertaken by the Co-lending Partner.
- (ii) VCPL and its Co-lending Partners shall frame their respective policy(ies) for the moratorium pursuant to the RBI Circular.
- (iii) Moratorium/ resolution of any Instalments of a Loan provided by VCPL as a part of a co-lending arrangement with a Co-lending Partner shall be in the manner as determined amongst VCPL and its relevant Co-lending Partner.

(iii) **Direct Assignment transactions:**

- (i) VCPL has entered into various direct assignment transactions to purchase portions of certain identified Loans originated by other Lending Institutions. In these direct assignment transactions, the originator Lending Institution continues to act as the servicer ("**Servicer**") of the purchased/assigned Loans on behalf of VCPL. VCPL may not have any direct contact/relationship with the borrowers of such Loans.
- (ii) VCPL shall obtain copies of the policy(ies) framed by all the Servicers (pursuant to the RBI Circular) in respect of direct assignment transactions where VCPL is the pursuant.
- (iii) If any Instalments of the Loans purchased by VCPL as a part of a direct assignment transaction, any moratorium/ resolution in respect of such loans will be provided in accordance with the policy framed by the relevant Servicer.

- 3.3 In respect of securitisation transactions where VCPL is an investor in pass-through-certificates ("**PTCs**") issued by a special purpose vehicle that has purchased receivables in respect of Loans originated by other Lending Institutions, VCPL shall mutually discuss, for each such series of PTCs, with the other investors, the servicer of such PTCs, and the trustee on the most commercially viable way forward, including without limitation, revising cash flows to take into account any moratorium prescribed in respect of the underlying Loans, and any extension of any maturity date of such PTCs.
- 3.4 The asset classification shall be governed by guidelines mentioned in the RBI Circular.
- 3.5 The overall cap on moratorium and / or extension of residual tenor granted under the Resolution Framework – 1.0 and the RBI Circular shall be two years.
- 3.6 Resolution under the RBI Circular shall be invoked not later than September 30, 2021.
- 3.7 The resolution plan must be finalised and implemented within 90 days from the date of invocation of the resolution process.
- 3.8 The credit reporting by VCPL in respect of the VCPL Borrowers where the resolution plan is implemented shall reflect the “restructured due to COVID-19” status of the account.

4. DUE DILIGENCE CONSIDERATIONS

The following will be taken into account by VCPL while establishing the necessity of implementing a resolution plan with respect to VCPL Borrowers:

- 4.1 Source of income of and the COVID-19 impact;
- 4.2 Review of loans prior to COVID – 19;
- 4.3 Payment behavior observed in loans with other lenders;
- 4.4 Loan restructuring/ payment overdue history; and
- 4.5 Ability to service loan post restructuring

5. GRIEVANCE REDRESSAL MECHANISM

VCPL shall provide a three level Grievance Redressal Mechanism to resolve any of its customers query / grievance.

5.1 At Level 1: Vamshi Vasudevan, Head – Chief Credit Officer

The customer may register his/her query/ complaint with VCPL which shall be addressed to the grievance redressal officer in connection with any matter pertaining to business practices, lending decisions, credit management, recovery and complaints relating to updation/ alteration of credit information.

The details of the grievance redressal officer are given as follows:

- (i) Name of the Grievance Redressal Officer: Vamshi Vasudevan, Chief Credit Officer.
- (ii) Address: 12th Floor. Prestige Polygon, Anna Salai, Teynampet, Mount Road, Chennai -600035
- (iii) Contact Details (Telephone/Email): 044- 40074801/ grievanceredressal@vivriticapital.com

The redressal officer may formally delegate the task of redressal of a specific complaint to a team member as suitable, with due information to the customer.

5.2 At Level 2: Vineet Sukumar, Managing Director

If the complaint is not resolved within 15 days, the customer shall complain to the Managing Director of VCPL at vineet@vivriticapital.com

5.3 At Level 3: Deputy General Manager, Department of Non-Banking Supervision, Reserve Bank of India, Fort Glacis, Chennai.

If the complaint / dispute is not redressed within a period of one month from date of its receipt, the customer may appeal to:

Deputy General Manager, Consumer Education and Protection Cell, Reserve Bank of India, Fort Glacis, Chennai

Name: Smt. A. Booma Santhakumari
Ph: 044 - 2539 9030
Email: boomasanthakumari@rbi.org.in; cepcchennai@rbi.org.in

6. POLICY REVIEW

This Policy shall be reviewed periodically on such basis as may be prescribed by the Board.

LEGEND:

S. NO.	TERM	PARTICULARS
1.	Designated Personnel	means the personnel specified in the governance matrix
2.	Instalment	means any payment of: (i) any principal instalment and/or any interest amounts; (ii) any amounts for bullet repayments; and (iii) any amounts for equated monthly instalments, that are due between March 1, 2020 and May 31, 2020.
3.	Loan	means any loan that is eligible for a moratorium pursuant to the RBI Circular
4.	Lending Institution	has the meaning given to the term "lending institution" in the RBI Circular

ANNEXURE I

[On the letterhead of VCPL]
Addendum Letter

To,

Date:

[_____]
< _____ >

Dear Sir/ Madam,

1. This Addendum Letter is in continuation to the facility letter dated _____ and (“Facility Letter”) the standard terms and conditions applicable to term loan facility (“Standard Terms”) (the Facility Letter and the Standard Terms are together referred to as “Facility Agreement”) executed between Vivriti Capital Private Limited (“Lender”) and _____ (“Borrower”) regarding sanction of rupee term loan facility of INR _____ to the Borrower on the terms and conditions set out in the Facility Agreement (*Capitalized terms used but not defined in this Addendum Letter shall have the meanings ascribed to such term in the Facility Agreement*).

2. Pursuant to the Reserve Bank of India (“RBI”) Notification bearing number DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 and request of the Borrower, the Lender hereby, at its sole and absolute discretion, agrees to grant the resolution subject to unconditional acknowledgement and acceptance by the Borrower of the following terms and conditions:

i. The Repayment Schedule as provided under Schedule III (*Repayment Schedule*) of the Facility Agreement/ as provided by the Lender to the Borrower (“**Original Repayment Schedule**”), shall stand deleted in its entirety and replaced as follows (the “**Repayment Schedule**”):

**“Schedule III
Repayment Schedule**

[•³”

It is hereby clarified that the term ‘Repayment Schedule’ as defined in the Facility Agreement shall, on and from the Effective Date, mean the Repayment Schedule as provided hereinabove, or as provided by the Lender from time to time thereafter.

ii. During the subsistence of the resolution, the Borrower shall not make payment of any amounts due to any of its RBI regulated creditors, with respect to any other term loans and working capital loans (of whatsoever nature) availed by the Borrower, without the prior written consent of the Lender. In the event the Borrower makes any payment in violation of the conditions stipulated above, the Moratorium shall cease with immediate effect and the Original Repayment Schedule shall stand re-instated with respect to the Facility. Further, in such an event, the Borrower shall pay the unpaid instalment, if any, on account of the Moratorium granted along with the immediately succeeding instalment payable in accordance with the Original Repayment Schedule.

³ Please incorporate the new repayment schedule.

iii. The Borrower shall furnish to the Lender its bank account statements and such other information, reports and documents on a monthly basis or as required by the Lender from time to time during the Moratorium Period and thereafter until the Final Settlement Date.

iv. The Borrower hereby agrees, acknowledges and confirms that the interest payable on the Facility as stipulated in the Facility Agreement shall continue to accrue during the Moratorium Period and shall become due and payable after the expiry of the Moratorium Period in accordance with the Repayment Schedule specified hereinabove, or as provided from time to time.

3. This Addendum Letter forms an integral part of the Facility Agreement. Unless stated otherwise in this Addendum Letter, all terms and conditions stipulated in the Facility Documents (subject to the revised Repayment Schedule provided above) shall continue to bind the Borrower and Security Provider (if applicable) during the Moratorium Period and until the Final Settlement Date.

Thanking you,
Yours sincerely,

For Vivriti Capital Private Limited

Authorised Signatory

Name:

Terms and Conditions set above are hereby unconditionally acknowledged and accepted by

For _____

Authorised Signatory

Date: