



UNACCO FINANCIAL SERVICES PRIVATE LIMITED

Restructuring Policy 2.0 approved by the Board on 07.07.2021

The World has undergone a very critical and unprecedented crisis of all times in the form of Novel Coronavirus (COVID-19). The spread of Corona virus has become a threat not only to the human lives but also to the economy world over. Microfinance as an institution has been badly hit like all other business operations throughout the Country and all our operations have been at a standstill since the inception of Lockdown. The Second wave in early 2021 has been more severe and has taken many lives and has created lots of hurdles in resource mobilization not only for us but to the whole Micro Finance institution as a whole. After considering the resurgence of the Covid-19, RBI has provided a framework to the lending institutions for implementation of resolution plans for addressing the economic fallout due to the COVID-19 pandemic which has led to significant financial stress for customers. On May 05, 2021, the Reserve Bank of India ("RBI") vide its circular (Ref. No.: RBI/2021-22/31, DOR. STR.REC. 11/21.04.048/2021-22) released guidelines for lending institutions to permit offer a limited window to individual borrowers and small businesses to implement resolution plans in respect of their credit exposures while classifying the same as Standard upon implementation of the resolution plan.

PURPOSE

To offer a limited window to individual borrowers and small businesses having stress on account of Covid 19, to implement resolution plans in respect of their credit exposures while classifying the same as Standard upon implementation of the resolution plan subject to the conditions specified hereafter. On the basis of the Framework Guidelines UFSPL has decided to provide a window to restructure the loan of existing eligible clients under the Resolution Framework 2.0 so as to facilitate the revival of livelihood activities and mitigate the impact of the borrowers.

ELIGIBLE BORROWERS

- i. The aggregate exposure, including non-fund based facilities, of banks and NBFCs to the borrower does not exceed ₹25 crores as on March 31, 2021.
- ii. The borrower's account was a 'standard asset' as on March 31, 2021.
- iii. The restructuring of the borrower account is implemented by 90 days from the date of invocation.

FEATURES OF RESOLUTION PLAN

- i. The resolution plans shall include.
 - o Rescheduling of payments.
 - o Granting of moratorium, based on an assessment of income of the borrower.
- ii. The moratorium period, if granted, may be for a maximum of 2 (two) years, and shall come into force immediately upon implementation of the resolution plan. The overall cap on extension of residual tenor, inclusive of moratorium period if any permitted, shall be two years.



The resolution plan must 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.

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. The asset classification benefit will be available only if the restructuring is done as per provisions of this circular.

ASSET CLASSIFICATION AND PROVISIONING

- In respect of restructuring implemented asset classification of borrowers classified as standard may be retained as such, whereas the accounts which may have slipped into NPA category between April 1, 2021 and date of implementation may be upgraded as 'standard asset', as on the date of implementation of the restructuring plan.
- The subsequent asset classification for such exposures will be governed by the criteria laid out in the RBI Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances or other relevant instructions as applicable to specific category of lending institutions ("extant IRAC norms").
- UFSPL shall keep provisions from the date of implementation, which are higher of the provisions held as per the extant IRAC norms immediately before implementation, or 10 percent of the renegotiated debt exposure of UFSPL post implementation (residual debt).
- Half of the above provisions may be written back upon the borrower paying at least 20 per cent 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 per cent of the residual debt without slipping into NPA subsequently.
- The provisions required to be maintained under this window, to the extent not already reversed, shall be available for the provisioning requirements when any of the accounts, where a resolution plan had been implemented, is subsequently classified as NPA.



GRIEVANCE REDRESSAL MECHANISM –

In case of any grievance or complaint by Borrower who has requested for resolution under the window and / or is undergoing resolution under the window provided under this Policy, the Borrower may –

- i. Personally, approach or send written communication to the Grievance Redressal at the Registered Office of the Company, and/ or
- ii. Email at dinesh.singh@unacco.in, and/or Call the number 9854083184

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This was the Restructuring policy 1.0 for your Understanding

Therefore, it was proposed to frame a Policy in line of the Circular and restructure the loans with due approval of the Board. The Policy is framed with following points–

1. Accounts will be identified for restructuring as per the following category
 - i. Those accounts which are Standard as on March 1, 2020, but having overdue, and which have already slipped or may slip into NPA on the date of Implementation of Restructure plan.
2. Following will be the new Repayment Tenure of Restructured Accounts
 - i. 12 Months for those loans outstanding which are up to INR 30000, combining both Principal and Interest as on the date of Implementation of Restructure Plan.
 - ii. 24 Months for those loans outstanding which are above INR 30000, combining both Principal and Interest as on the date of Implementation of Restructure Plan.
 - iii. Repayment of Restructured Accounts will start from 2nd May, 2021
3. Special Focus to be given for the recovery drive from the accounts which are NPA as on 1st March 2020. For this various Teams will be formed for Recovery Drive in Area wise.
4. Company may bear the Insurance extension fee for the restructuring period in deserving cases as per recommendation of the respective Branch Team.
5. Any other applicable guidelines of RBI will be followed in this regard.



6. A Board Resolution for approval of the implementation of the Resolution Plan to be placed with the Board.
7. Proper Operational Guidelines for the Restructuring will be issued.

For and On Behalf
UNACCO Financial Services Private Limited

For UNACCO FINANCIAL SERVICES PVT. LTD.

N. Irabanta Singh
Managing Director

Shri N. Irabanta Singh
Managing Director