

**RESOLUTION FRAMEWORK 2.0 POLICY EXTRACT ON COVID-19 RELATED STRESS
PORTFOLIO AS PER RBI NOTIFICATION
(AS APPROVED BY THE BOARD OF DIRECTORS OF THE COMPANY)**

1. INTRODUCTION

Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus. The economic fallout on account of the Covid-19 pandemic has led to significant financial stress for borrowers.

Hence, NRFSI had formulated policy for providing moratorium from 1st March 2020 to 31st May 2020 as per notification RBI/2019-20/ DOR. No. BP. BC. 47/21.04.048/2019-20.

Further, Supplemental Moratorium policy was formulated extending moratorium from 01st June 2020 to 31st August 2020 as per notification RBI/2019-20/244, DOR.No.BP.BC.71/21.04.048/2019- 20.

Also, policy on Resolution framework on COVID-19 related stress portfolio was formulated to facilitate revival of economic activities for a fresh loan restructuring providing a window for the customers who are economically impacted due to COVID – 19 as per notification RBI/2020-21/61 DOR.No.BP.BC.26/21.04.048/2020-21.

The Company had prepared policies in line with RBI guidelines and such policies were approved by the board for implementation

In addition, due to resurgence of Covid-19 pandemic in India and with the objective of alleviating the potential stress to individual borrowers and small businesses, this resolution plan 2.0 (follow up to Resolution Framework 1.0) is proposed to the Board for approval as per notification RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 & RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated 05th May 2021, RBI/2021-22/46 DOR.STR.REC.20/21.04.048/2021-22 dated 04th June 2021 & RBI/2021-22/47 DOR.STR.REC.21/21.04.048/2021-22 dated 04th June 2021

2. SCOPE

For this resolution framework policy, following borrower accounts and products are applicable:

- Individuals who have availed personal loans – Retail auto loans, Personal loans
- Individuals who have availed of loans and advances for business purposes (aggregate exposure of not more than Rs.50 crore as on March 31, 2021 from all lending institutions) – Demo loans, Inventory Funding, Spares and Taxi funding and Term loans
- Small businesses, including those engaged in retail and wholesale trade (excluding MSME where aggregate exposure of not more than Rs.50 crore as on March 31, 2021 from all lending institutions) - Loan to Non-individual customers - Demo loans, Inventory Funding, Spares and Taxi funding and Term loans
- MSME borrowers where the aggregate exposure, including non-fund-based facilities, of all lending institutions to the borrower does not exceed ₹50 crore as on March 31, 2021 vide notification RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated 05th May, 2021 and RBI/2021-22/47 DOR.STR.REC.21/21.04.048/2021-22 dated 04th June, 2021

3. OBJECTIVE

The objective of this policy is to ensure facility is extended only to borrowers having cash flow stress on account of COVID-19.

4. ELIGIBILITY CRITERIA

A. All fresh request received from

- Individuals who have availed personal loans (other than credit facilities provided to company's own employees) or
- Individuals who have availed of loans and advances for business purposes (aggregate exposure of not more than Rs.50 crore as on March 31, 2021 from all lending institutions) – Demo loans, Inventory Funding, Spares and Taxi funding, Term loans or
- Small businesses, including those engaged in retail and wholesale trade (excluding MSME where aggregate exposure of not more than Rs.50 crore as on March 31, 2021 from all lending institutions) - Loan to Non-individual customers - Demo loans, Inventory Funding, Spares and Taxi funding, Term loans or
- MSME borrowers where the aggregate exposure, including non-fund-based facilities, of all lending institutions to the borrower does not exceed ₹50 crore as on March 31, 2021

and

- The account shall be a standard asset (**up to 89 DPD**) as on March 31, 2021

B. The option **shall not be availed** by the following:

- Any borrower who has DPD (days past due) **90 days and above** as on 31st March 2021 or
- Credit facilities given to own employees of NRFSI or
- Borrowers who have availed restructuring under earlier restructuring framework (Resolution Framework 1.0 dated August 6, 2020) subject to exceptions as defined in RBI circular.

C. The requests received are decisioned within 30 days from the date of receipt and communicated in writing to all requested customers. The policy needs to be sufficiently publicised and placed in company's website in an easily accessible manner. Applications for resolution requests received until 23rd Sep 2021 to be decisioned by NRFSI before 30th September 2021 as per RBI notification. However, any requests received post 23rd Sep 2021 will be reviewed subject to availability of documents and decisioned before 30th Sep 2021 on best effort basis.

Note: MSME borrowers will be governed by RBI circular reference vide RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated 05th May, 2021 and RBI/2021-22/47 DOR.STR.REC.21/21.04.048/2021-22 dated 04th June 2021. Eligibility assessment, Procedure and resolution framework for deriving resolution plan of eligible borrowers will be in similar terms of this policy document as per the following:

- (i) The borrower should be classified as a micro, small or medium enterprise as on March 31, 2021 in terms of the Gazette Notification S.O. 2119 (E) dated June 26, 2020.

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(ii) The borrowing entity is GST-registered on the date of implementation of the restructuring. However, this condition will not apply to MSMEs that are exempt from GST-registration. This shall be determined on the basis of exemption limit obtaining as on March 31, 2021.

(iii) The aggregate exposure, including non-fund based facilities, of all lending institutions to the borrower does not exceed ₹50 crore as on March 31, 2021.

(iv) The borrower's account was a 'standard asset' as on March 31, 2021.

(v) The borrower's account was not restructured in terms of the circulars DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020; DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020; or DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 (collectively referred to as MSME restructuring circulars).

(vi) The restructuring of the borrower account is invoked by September 30, 2021. For this purpose, the restructuring shall be treated as invoked when the lending institution and the borrower agree to proceed with the efforts towards finalising a restructuring plan to be implemented in respect of such borrower. The decisions on applications received by the lending institutions from their customers for invoking restructuring under this facility shall be communicated in writing to the applicant by the lending institutions within 30 days of receipt of such applications. The decision to invoke the restructuring under this facility shall be taken by each lending institution having exposure to a borrower independent of invocation decisions taken by other lending institutions, if any, having exposure to the same borrower.

(vii) The restructuring of the borrower account is implemented within 90 days from the date of invocation.

(viii) If the borrower is not registered in the Udyam Registration portal, such registration shall be required to be completed before the date of implementation of the restructuring plan for the plan to be treated as implemented.

(ix) Upon implementation of the restructuring plan, the lending institutions shall keep provision of 10 percent of the residual debt of the borrower.

(x) It is reiterated that lending institutions shall put in place a Board approved policy on restructuring of MSME advances under these instructions at the earliest, and in any case not later than a month from the date of this circular.

(xi) All other instructions specified in the circular DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 shall remain applicable.

5. RESOLUTION PLAN FRAMEWORK 2.0:

This resolution plan will aim to adopt any of the following:

5.1. Retail loans and personal loans (excluding Personal Loan to employees of NRFSI):

- Reducing the EMI per month due to cash flow stress without impacting effective rate of interest or
- Providing moratorium / any options of restructuring up to 24 months. In case of moratorium, simple interest would be charged at the contracted rate and shall be capitalized at the end of the moratorium period. EMI would remain constant and tenure is extended
- Extension of tenure of the borrower shall not exceed more than 24 months on either of the above criteria including earlier moratorium and restructuring under Resolution framework 1.0

5.2. Term loans, Demo loans, Inventory Funding, Spares and Taxi funding:

- Reducing the EMI per month due to cash flow stress without impacting effective rate of interest or
- Providing moratorium / any options of restructuring up to 24 months. In case of moratorium, simple interest would be charged at the contracted rate and shall be capitalized at the end of the moratorium period. EMI would remain constant and tenure is extended.
- In case of inventory and Spare parts funding,
 - moratorium/restructuring is applicable on unsold cars/inventory. In case of sold cars/spares, dealers/customers are required to pay as per the contract terms as sale proceedings would have been realized on sale of such inventory.
 - In case of moratorium, simple interest would be charged for the moratorium period at the contracted rate and shall be capitalized at the end of the moratorium period or paid
 - Conversion of any interest accrued or to be accrued into another credit facility or
 - Revisions in working capital sanctions or
- Granting of moratorium (maximum of 24 months) etc. based on an assessment of COVID impact on the borrower

6. PRODUCT LEVEL ACTION POINTS TO BE IMPLEMENTED BY COMPANY:

6.1. Retail loans and Personal loans (excluding Personal Loan to employees of NRFSI):

- a) The request to be received from borrower by way of an application form or written representation (emails) or calls from registered mobile number for availing loan restructuring facility
- b) The application form needs to be supported with below documents:
 - **Salaried customers –**
 - Bank statement where salary is credited (from 1st Jan 2021 till current date) and
 - In case of Job loss, full and final settlement letter, or relieving letter from the employer
 - **Non-salaried customers –**
 - Bank statement from 1st Jan 2021 till current date (minimum 6 months)
- c) Underwriting team shall assess the COVID impact of the customer based on the above-mentioned supporting documents and viability assessment criteria in this policy and recommend the same to LRAC.
- d) Simple interest for the loan restructuring facility would be calculated as per the existing contract rate of interest
- e) Approving Authority: Loan restructuring assessment committee (LRAC)

6.2. Term loans, Demo loans, Inventory Funding, Spares and Taxi funding:

- a) The request to be received from borrowers by way of an application form or written representation (emails) or calls from registered mobile number for availing loan restructuring facility.
- b) The below documents to be submitted by organisational customers:

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- Latest audited financial statements FY 20 and management certified financial statements FY'21
 - Management explanatory statement relating to COVID impact on the business and cash flows,
 - CA certified shareholding certificate (latest),
 - Details on loans availed from any other financial institutions
 - Bank statements of the dealership for current account/OD
- c) Risk management - Floorplan team shall assess the COVID impact of the customer through viability assessment criteria of this policy and shall place the proposal in LRAC for their recommendation.
- d) Simple interest for the loan restructuring facility would be calculated as per the existing contract rate of interest
- e) Approving Authority: Loan restructuring assessment committee (LRAC)

7. PROVISIONING GUIDELINES:

- a) NRFSI shall make a provision from the date of implementation of resolution plan as per RBI circular RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 and as per Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated July 1, 2015 given below:

Higher of

- provisions held as per the extant IRAC norms immediately before implementation, or
 - 10 percent of the renegotiated debt exposure of the lending institution post implementation (residual debt).
- b) 50% 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 balance 50% may be written back upon the borrower paying another 10 per cent of the residual debt without slipping into NPA subsequently.

8. DISCLOSURE AND CREDIT REPORTING:

- a) NRFSI shall make disclosures as per as per **Format X** prescribed in **Annexure B** while publishing quarterly financial statements,
- b) The number of borrower accounts where modifications were sanctioned and implemented the aggregate exposure to such borrowers may also be disclosed on a quarterly basis, starting from the quarter ending June 30, 2021
- c) The credit reporting by NRFSI in respect of borrowers where the resolution plan is implemented under this facility shall reflect the "restructured" status of the account if the resolution plan involving renegotiations that would be classified as restructuring.
- d) Disclosures to credit information companies shall be as per RBI circular *vide* RBI/2020-21/106 DoR.FIN.REC.46/20.16.056/2020-21 dated March 12, 2021. The borrowers/customers to be reported to credit bureau as "**Restructured due to Covid19**"

9. TIMEFRAME:

- a) Resolution under this framework may be invoked not later than **September 30, 2021**

- b) Resolution plan shall be implemented **within 90 days from the date of invocation** for eligible borrowers

10. GRIEVANCE REDRESSAL MECHANISM

NRFSI shall put in place a grievance redressal mechanism to the eligible borrowers for redressal of their grievances inclusive of application for restructuring, implementation of COVID-19 relief package.

Mode of Registering a Complaint/Grievance

- a. Eligible Borrowers/Customers may register their complaint/grievance as per the details furnished hereunder
 - c) Customers with Nissan Brand Cars may write/call to –
csupport.nissanfinance@nrfsi.com / 1800-209-3456
 - d) Customers with Renault Brand Cars may write/call to –
csupport.renaultfinance@nrfsi.com / 1800-315-4444
 - e) Customers with Datsun Brand Cars may write to –
csupport.datsunfinance@nrfsi.com / 1800-209-3456
- b. In case the response is unsatisfactory, eligible borrower/customer may approach the Grievance Redressal Officer and Nodal officer on the details furnished hereunder:

Mr. Bibin Roberts

Email: gro.nrfsi@nrfsi.com

11. POLICY APPROVAL AND COMMUNICATION:

This policy has been approved by board of directors of NRFSI for circulation to all functional heads, operational teams and publication in the NRFSI website as per notification release by RBI.