



Satin Finserv Limited
RESTRUCTURING POLICY – RESOLUTION FRAMEWORK 2.0 MSME
Version 1

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Document Control

Document Title	Restructuring Policy under Resolution Framework 2.0 - Covid 19 - MSME
Version	1.0
Policy Owner	Credit & Risk Head
Approved by	Board of Directors
Approved on	May 28, 2021

Revision History

Date	Version	Description	Created/ Reviewed By
May 28, 2021	1.0	First Release	Credit & Risk Head /Whole-time Director & CEO

Restructuring Policy under Resolution Framework 2.0 - Resolution of Stressed Assets - Covid-19

Introduction

In view of the uncertainties created by the resurgence of the Covid-19- Wave 2 pandemic in India, most of the states have witnessed lockdown from April'21 till the end of May'21. 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. Basis the framework and regulatory guidelines, the Company has framed its policy for the restructuring of the existing loan/s that have been impacted due to the COVID-19 pandemic without a downgrade in the asset classification.

The resultant stress can potentially impact the long-term viability of many borrowers, due to their debt burden becoming disproportionate relative to their cash flow generation abilities. Such wide spread impact could impair the entire recovery process, posing significant financial stability risks.

On May 05, 2021, the Reserve Bank of India ("RBI") vide its circular (Ref. No.: RBI/2021-22/32, DOR. STR.REC. 11/21.04.048/2021-22) released guidelines for lending institutions to permit offer a limited window to micro, small or medium enterprise to implement resolution plans in respect of their credit exposures while classifying the same as Standard upon implementation of the resolution plan.

In light of the above development in Indian scenario, where we are witnessing lockdown across the country on account of resurgence of the Covid-19 Wave 2 crisis. Satin Finserv Limited ("SFL" or "the Company") has assessed the situation and the likely impact on its collection/recovery.

Considering the above, with the intent to facilitate revival of livelihood activities and mitigate the impact on the ultimate borrowers, it has been decided to provide a window to restructure the loan of existing eligible clients under the Resolution Framework 2.0

Policy

Eligibility	<ul style="list-style-type: none">➤ The borrowers 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.➤ GST-registered borrowing entity on the date of implementation of the restructuring. However, this condition shall not be applicable to MSMEs that are exempt from GST-registration. This shall be determined on the basis of exemption limit obtaining as on March 31, 2021.➤ 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.
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	<ul style="list-style-type: none"> ➤ The borrower's account was a 'standard asset' as on March 31, 2021. ➤ The borrower's account was not restructured in terms of the RBI 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). ➤ The borrowers having stress on account of COVID-19 will be considered for the restructuring under this Policy.
Invocation of Restructuring	<ul style="list-style-type: none"> ➤ The restructuring shall be treated as invoked when the Company and the borrower agree to proceed with the efforts towards finalizing a restructuring plan to be implemented in respect of borrowers. ➤ The decision on the applications received from the customer for invoking restructuring shall be communicated to the customer in writing, through available resources, by the Company within 30 days of receipt of such applications. ➤ The Company shall finalise and implement the restructuring within 90 days from the date of invocation of the resolution process. ➤ The last date for invocation of restructuring shall be September 30, 2021. ➤ For the borrowers 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.
Scope	<ul style="list-style-type: none"> ➤ Restructuring process shall involve modification of terms of the advances as per RBI guidelines.
Due Diligence	<ul style="list-style-type: none"> ➤ The Company on receipt of a request application/email from the Eligible Borrower, shall evaluate the proposal for restructuring of the loan account(s) including evaluation and execution of necessary documents. ➤ On due evaluation of the request submitted by the Eligible Borrower, the Company shall execute with the Eligible Borrower necessary documentations.
Grievances Redressal Mechanism	<ul style="list-style-type: none"> ➤ Customer Service Team will manage all grievances and its resolution relating to restructuring. The team shall inform to the operations/credit/relevant team to provide the resolution and any other related information to the customers.
Repayment	<ul style="list-style-type: none"> ➤ Revised repayment structure will be agreed with the client depending upon the repayment capacity and revised repayment schedule will be communicated to the customer.
Classification of Assets	<ul style="list-style-type: none"> ➤ Asset classification of borrowers classified as standard shall be retained as such. ➤ Accounts which slip into NPA category between April 1, 2021 and date of implementation shall be upgraded as 'standard asset', as on the date of implementation of the restructuring plan.
Provisioning	<ul style="list-style-type: none"> ➤ Upon implementation of the restructuring plan, the Company shall keep provision of 10 percent of the residual debt of the borrower.

Eligibility-Loans Resolved Previously	<ul style="list-style-type: none"> ➤ In respect of accounts of borrowers which were restructured in terms of the MSME restructuring circulars, Company shall, as a one-time measure, review the working capital sanctioned limits and / or drawing power based on a reassessment of the working capital cycle, reduction of margins, etc. without the same being treated as restructuring. ➤ The decision with regard to above shall be taken by the Company by September 30, 2021. ➤ The reassessed sanctioned limit / drawing power shall be subject to review by the Company at least on a half yearly basis and the renewal / reassessment at least on an annual basis. The annual renewal/reassessment shall be expected to suitably modulate the limits as per the then-prevailing business conditions.
Approving Authority	<ul style="list-style-type: none"> ➤ Retail loans upto Rs 20 lacs will be jointly approved by Credit and Risk Head along with Whole-time Director & CEO. ➤ Wholesale loans > Rs 20 lacs will be approved by CMD. ➤ The Company shall prepare a process note to comply with this policy.
Disclosure	<ul style="list-style-type: none"> ➤ The Company shall make appropriate disclosures in their financial statements, under 'Notes on Accounts', relating to the MSME accounts restructured as per RBI guidelines.
