

Resolution Framework Policy

In context of the resurgence of the COVID-19 Pandemic in India in the recent weeks and the RBI issued circular (DOR.STR.REC.11/21.04.048/2021-22) dated 05th May, 2021 as resolution for the recovery process in relation to COVID-19 related stress of individuals and small businesses.

The Resolution Framework 2.0 permits the Lenders to offer a limited window to individual borrowers and small businesses to implement resolution plans in respect of their credit exposures while classifying the credit exposures as 'standard' upon implementation of the resolution plan subject to the Eligibility conditions.

Applicability

Applicable only to the borrowers having stress on account of COVID-19.

Eligibility

The following borrowers shall be eligible for the resolution process under Resolution Framework 2.0:

- a) Individuals who have availed personal loans (i.e. loans given to individuals consisting of (a) consumer credit, (b) education loan, (c) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), and (d) loans given for investment in financial assets (shares, debentures, etc.), excluding the credit facilities sanctioned by the Lenders to their own personnel/ staff;
- b) Individuals who have availed loans and advances for business purposes and to whom the Lenders have an aggregate exposure of not more than Rs. 25,00,00,000 (Rupees twenty five crore) as on March 31, 2021; and
- c) Small businesses, including those engaged in retail and wholesale trade, those classified as MSME, as on March 31, 2021, and to whom the Lenders have aggregate exposure of not more than Rs. 25,00,00,000 (Rupees twenty five crore), as on March 31, 2021.

It is pertinent to note that the aforementioned borrowers will be eligible for the resolution process under Resolution Framework 2.0 only if the following conditions are satisfied:

- a) The borrower accounts/ credit facilities shall not belong to the following categories, as provided in Resolution Framework 1.0:
 - i) MSME borrowers whose aggregate exposure to the Lenders, collectively, is Rs. 25,00,00,000 (Rupees twenty five crore) or less, as on March 1, 2020;
 - ii) Farm credit as mentioned in the 'Master Direction - Priority Sector Lending – Targets and Classification' issued by RBI on priority sector lending, except for the following loans:
 - loans to allied activities, viz., dairy, fishery, animal husbandry, poultry, bee-keeping and sericulture;
 - loans given to farmer households if they do not meet any other conditions for exclusions listed in Resolution Framework 1.0;

iii) Loans to primary agricultural credit societies, farmers' service societies and large-sized Adivasi multi-purpose societies for on-lending to agriculture;

iv) Exposures of the Lenders to financial service providers, as defined in the Insolvency and Bankruptcy Code, 2016; and

v) Exposures of the Lenders to central, state and local government bodies and body corporates established by an Act of Parliament or State Legislature.

b) The borrower accounts should not have availed any resolution in terms of the Resolution Framework 1.0, subject to the exemption that, where resolution plans implemented under Resolution Framework 1.0, had either permitted no moratorium or a moratorium of less than 2 (two) years, and/ or extension of residual tenor by a period of less than 2 (two) years, the Lenders shall be permitted to use the window provided for under Resolution Framework 2.0 to modify such resolution plans to the extent of increasing the period of moratorium/ extension of residual tenor, and the consequent changes in relation to such increase/ extension. However, the overall cap on moratorium and/ or extension of residual tenor granted under Resolution Framework 1.0 and Resolution Framework 2.0, shall be 2 (two) years.

c) The credit facilities/ investment exposure to the borrower must have been classified as 'standard' by the Lenders as on March 31, 2021.

Invocation of resolution process

The Growing Opportunity Finance (India) Private Limited (hereinafter referred as "GOF") Board approves the Resolution Framework 2.0 policy for the eligible borrowers (**Annexure 1**) and ensure that the resolution under Resolution Framework 2.0 is extended only to borrowers having stress on account of COVID-19 as per the above mentioned RBI Circular.

Client Credentials

If a resolution plan is implemented in accordance with Resolution Framework 2.0, the asset classification of the concerned borrowers' accounts classified as 'standard' may be retained as such upon implementation of the plan. If resolution plan is not implemented within timelines, actual classification to be used.

Compliance

The Policy implemented and followed as per the RBI Circular on Resolution Framework 2.0 dated 05th May, 2021, the policy may be amended from time to time in line with RBI communication as approved by the Board.

Annexure 1

Eligibility criteria for the GOF clients to avail the benefit under Resolution Framework 2.0

1. Borrower having good repayment track records of Current and Previous loan history.
2. Borrower should not be having any overdue Status till 31st March'2021.
3. Business loss occurred due to Covid-19 to Borrower and no other income source for the borrower/Spouse.
4. Letter signed by the Borrower requesting for the extension of residual tenure as per the discretion of Management/Board subject to the Resolution Framework 2.0 as per RBI.
5. Proper Due Diligence will be done to assess the borrower based on the request letter received from them.
6. Management Decision will be communicated to the Borrower within 30 days of receipt of letter.