

Policy on regulatory measures due to impact of COVID 19

To mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses, Reserve Bank of India (RBI) vide its circular on COVID-19 Regulatory Package - RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020, further updated on May 23, 2020 and as amended from time to time ("Circular") announced certain regulatory measures for all lending institutions which includes Banks, Financial Institutions, Non-Banking Financial Companies ("NBFC") and Housing Finance Companies.

Aventus Finance Private Limited ("AFPL/the Company") being a NBFC registered with RBI, proposes to implement the following Policy in pursuance of the Circular.

1. Definitions:

i. Instalment(s):

Instalments will include the following payments payable by Eligible Borrowers to the Company falling due from March 1, 2020 to August 31, 2020 and any such period as prescribed by RBI in this regard from time to time:

- (i) principal and/or interest component;
- (ii) bullet repayments;
- (iii) Equated Monthly instalments;

ii. Eligible Borrowers:

- (i) Borrowers that have availed term loan facility or working capital facility from the Company; and
- (ii) Borrowers whose instalment is falling due between March 1, 2020 to August 31, 2020 or any such period as prescribed by RBI in this regard from time to time; and
- (iii) Borrowers who are classified as Standard Asset as on February 29, 2020; and
- (iv) Borrowers whose businesses have been impacted due to COVID -19

iii. Recommending Team:

- (i) For Structured Finance borrowers, the Investment Team co-head responsible for the account
- (ii) For SME borrowers, the SME Business Head / Product Head.

iv. Approving Authority:

- (i) For Structured Finance borrowers, the Credit Committee constituted by the Board of Directors of the Company
- (ii) For SME borrowers, the approving authority for the borrower in terms of SME – Credit Policy as approved by the Board of Directors of the Company

2. Pre-requisites:

- (i) A formal request (either written / electronic) received from authorized person of Eligible borrower asking for relief.

3. Recommendation:

Recommending Team may obtain all necessary information from the Eligible Borrower including cash flow projections to ascertain the impact on business due to COVID-19 and quantify the moratorium required to be provided. A maximum of 6 months moratorium on all instalments as defined in Clause 1.1 above may be provided.

A brief memo documenting the following at minimum may be submitted by a team member of the Recommending Authority to the Approving Authority:

- i. Background of the Eligible Borrower
- ii. Facility history with the Company
- iii. COVID-19 impact on the Eligible Borrower's business and cash flows
- iv. Moratorium proposed on facilities of borrower with the Company and justification
- v. Revised Repayment Terms⁽¹⁾
- vi. Revised Commercial terms (if any)
- vii. Any other data point the Approving Authority may deem fit

Note:

- 1) *The repayment terms for such loans as also the residual tenor, will be shifted across the board by six months / such lower period approved. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.*

4. Approval of Moratorium:

Recommendations placed to the Approving Authority may be approved / rejected / approved with suitable modifications in consultation with the Recommending Team.

5. Post-Approval Process:

Below shall be followed if any request is accepted and granted moratorium:

- i. Recommending Team shall communicate the approval of the moratorium to the Credit Operations, Treasury, Legal, Finance, Compliance department.
- ii. The decision of the Approving Authority shall be communicated by the Recommending Team to the Eligible Borrower in a form and manner as approved by Legal team
- iii. Team member(/s) of Recommending Authority, shall in consultation with Legal Team execute requisite documentation to effect the change in the terms of payment
- iv. Wherever the exposure of the Company to the Eligible Borrower is Rs. 5 crore or above as on March 1, 2020, the Credit Operations Team shall develop an MIS on the reliefs provided to its Eligible Borrowers which shall inter alia include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted

6. Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA):

The Company adheres to the Policy on Framework for Resolution of Stressed Assets approved by the Board of Directors. However, pursuant to aforementioned RBI Circular, the Company shall follow the below, only where relief is provided in terms of this Policy.

- a. Since the moratorium is being provided specifically to enable the Eligible Borrowers to tide over economic fallout from COVID-19, the same will not be treated as concession or change in terms and conditions of loan agreements due to financial difficulty of the Eligible Borrower. Consequently, such a measure, by itself, shall not result in asset classification downgrade.
- b. The asset classification of term loans which are granted relief shall be determined on the basis of revised due dates and the revised repayment schedule.
- c. The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies ("CICs") by the Company. CICs shall ensure that the actions taken by lending institutions pursuant to the above announcements do not adversely impact the credit history of the beneficiaries.