



**Blacksoil Capital Private Limited**

COVID-19 Moratorium 2 Policy – Individual and Small Business

**Regulatory Reference:**

RBI has prescribed certain regulatory measures to mitigate the financial stress caused by the COVID-19 pandemic vide its circular bearing reference number DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 on "Resolution Framework – 2.0: Resolution of Covid 19 related stress of Individuals and Small Businesses and DOR.STR.REC.20/21.04.048/2021-22 dated June 4, 2021 on "Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses – Revision in the threshold for aggregate exposure" ("RBI Circular"). RBI Circular, inter alia, requires Lending Institutions (including NBFCs) to have a viable resolution plan approved by its board of directors ("Board") for providing a resolution to the eligible borrowers having stress on account of COVID 19, and the eligibility criteria in relation to providing such resolution to such eligible borrowers.

Against the above backdrop the policy for Resolution Framework 2.0 for COVID-19 related Stressed Assets/Advances is being formulated for Blacksoil Capita Private Limited ("BCPL").

A Board approved policy on restructuring needs to be put in place, within a month from the date of the RBI circular (5th May, 2021). Additionally for restructuring of loans under the "Resolution Framework 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses" circular, the board approved policy shall be sufficiently publicised and shall be available on BCPL website.

**Policy Guidelines****Eligibility**

- Pursuant to the RBI Circular, BCPL may provide a resolution plan in respect of Loans to BCPL Borrowers. The resolution plan shall be dealt in accordance with this policy.
- This policy shall apply in respect of the following:
  - a. Loans
    - (i) Individuals who have availed personal loans, excluding the credit facilities provided by lending institutions to their own personnel/staff.
    - (ii) Individuals who have availed of loans and advances for business purposes and to whom the lending institutions have aggregate exposure of not more than Rs.50 crore as on March 31, 2021.
    - (iii) Small businesses, including those engaged in retail and wholesale trade, other than those classified as micro, small and medium enterprises as on March 31, 2021, and to whom the lending institutions have aggregate exposure of not more than Rs.50 crore as on March 31, 2021.

1 - Paragraph 12 of the RBI Circular prescribes that " The moratorium period, if granted, may be for a maximum of two years, and shall come into force immediately upon implementation of the resolution plan. The extension of the residual tenor of the loan facilities may also be granted to borrowers, with or without payment moratorium. The overall cap on extension of residual tenor, inclusive of moratorium period if any permitted, shall be two years ".

**Conditions for eligibility**

- a. the borrower accounts / credit facilities shall not belong to the categories listed in sub-clauses (a) to (e) of the Clause 2 of the Annex to the Reserve Bank of India's circular bearing reference No. DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 on resolution framework for COVID-19-related stress ("Resolution Framework 1.0"), read with the response to Sl. No. 2 of FAQs on Resolution Framework for Covid19 related stress (Revised on December 12, 2020).
- b. the borrower accounts should not have availed of any resolution in terms of the Resolution Framework – 1.0.
- c. the credit facilities / investment exposure to the borrower was classified as Standard by the lending institution as on March 31, 2021

**Approval Process**

- if the Designated Personnel is satisfied with the request received, BCPL will provide a confirmation to the BCPL Borrower. BCPL Borrower shall submit the signed and accepted copy of the addendum letter in original to BCPL;
- the revised repayment schedule will be determined by BCPL taking into account the requirements prescribed by the RBI Circular<sup>1</sup> ;
- the addendum letter will contain the repayment schedule and the key provisions specified herein below:
  - a. the interest payable on the Loans as shall continue to accrue during the Moratorium/ resolution period and shall become due and payable after the expiry of the Moratorium/ resolution Period in accordance with the Repayment Schedule specified in the addendum letter, or as provided from time to time.
  - b. the resolution plan explicitly excludes compromise settlements.
  - c. Right to require the BCPL Borrower to furnish the bank account statements and such other information, reports and documents on monthly basis and at any time during the Moratorium/ Resolution Period and thereafter until the Final Settlement Date;
  - d. During the subsistence of the Moratorium/ Resolution Period, BCPL Borrower shall not make payment of any amounts due to any of its RBI regulated creditors, with respect to any other term loans and working capital loans (of whatsoever nature) availed by BCPL Borrower, without the prior written consent of BCPL. In the event BCPL Borrower makes any payment in violation of the conditions stipulated above, the Moratorium/ resolution shall cease with immediate effect and the Original Repayment Schedule(s) shall stand reinstated with respect to the Facility(ies) availed from BCPL. Further, in such an event, BCPL Borrower shall pay the unpaid instalment, if any, on account of the Moratorium/ resolution granted along with the immediately succeeding instalment payable in accordance with the Original Repayment Schedule.

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**Other Conditions**

- The asset classification shall be governed by guidelines mentioned in the RBI Circular.
- The overall cap on moratorium and / or extension of residual tenor granted under the Resolution Framework – 1.0 and the RBI Circular shall be two years.
- Resolution under the RBI Circular shall be invoked not later than September 30, 2021.
- The resolution plan must be finalised and implemented within 90 days from the date of invocation of the resolution process.
- The credit reporting by BCPL in respect of the BCPL Borrowers where the resolution plan is implemented shall reflect the “restructured due to COVID-19” status of the account.

**Policy Review**

This Policy shall be reviewed periodically on such basis as may be prescribed by the Board.

**Glossary**

- a. Designated Personnel - means the personnel specified in the governance matrix
- b. Instalment - means any payment of: (a) any principal instalment and/or any interest amounts; (b) any amounts for bullet repayments; and (c) any amounts for equated monthly instalments, that are due between March 1, 2020 and May 31, 2020.
- c. Loan - means any loan that is eligible for a moratorium pursuant to the RBI Circular
- d. Lending Institution - has the meaning given to the term "lending institution" in the RBI Circular

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