

Fortune Integrated Assets Finance Limited (FIAFL) Policy on ‘Resolution Framework – 2.0’: Resolution of Covid-19 related stress of Individuals and Small Businesses (“Resolution Framework 2.0”):

FIAFL has framed Policy Framework for Resolution of Covid-19 Related Stress 2.0 (“Policy”) in compliance with the Reserve Bank of India’s circular no. RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 on. FIAFL philosophy is derived from the Resolution Framework 2.0 which enables FIAFL to consider the implementation of certain resolution plans that may help to address the financial stress caused to borrowers during the Covid-19 pandemic. Resolution Framework 2.0 permits the lending institutions to re-assess the repayment capabilities of their borrowers and provide rescheduled terms to such existing loans which fall within the eligibility criteria as specified in Resolution Framework 2.0 and placed it before the Board of Directors in its meeting held on Monday May 10, 2021 for approval.

FIAFL shall endeavour to provide support to its borrowers, who have been financially impacted by the pandemic, in these unprecedented times. With the objective of alleviating the potential stress to individual borrowers and small businesses, FIAFL shall lay down mechanism for the eligible borrowers, who are facing financial stress on account of the Covid-19. These include parameters for re-assessment, documentation to implement the resolution, a process to transition our eligible borrowers from their existing terms of repayment to a rescheduled one and system for redressing the grievance of borrowers who request for resolution under this framework and/or are undergoing resolution under this window.

This policy shall come into effect from the date of approval by the Board of Directors of the Company or any committee of the Board to which power has been delegated.

Considering the above, with the intent to mitigate the impact on the ultimate borrowers, it has been decided to provide a window to eligible customers without change in ownership to restructure the current loan as detailed below.

Policy on resolution framework:

- 1) FIAFL shall ensure that the resolution under this facility is extended only to such borrowers having stress on account of Covid-19. The reduction of income and its financial impact on the borrower will be reviewed by FIAFL basis the information

provided by the borrower during visits or telephonic interaction with the borrowers or communication through letter or email. Apart from the above, repayment track record of the borrower may also be factored in the decision.

- 2) Borrowers that are classified as Standard as on March 31, 2021, only those borrower accounts shall be eligible for resolution under this framework.
- 3) Borrower accounts should not have availed of any resolution in terms of the Reserve Bank of India vide its circular 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”) subject to the special exemption mentioned at Clause 22 of the Resolution Framework 2.0 where resolution plans had been implemented in terms of Resolution Framework – 1.0 and where the resolution plans had permitted no moratoria or moratoria of less than two years and / or extension of residual tenor by a period of less than two years, such plan can be modified only to the extent of increasing the period of moratorium / extension of residual tenor subject to the overall cap of two years, granted under Resolution Framework 1.0 and Resolution Framework 2.0 combined.
- 4) Methodology:
 - a. The resolution plans may *inter alia* include rescheduling of payments, conversion of any interest accrued, or to be accrued, or granting of moratorium, based on an assessment of income streams of the borrower, subject to a maximum of two years. Correspondingly, the overall tenor of the loan may also get modified commensurately. The moratorium period, if granted, shall come into force immediately upon implementation of the resolution plan.
 - b. Resolution can be carried out by one of following methods (or any other method which the FIAFL may deem fit);
 - i. EMI moratorium for up to 6 months from the date of resolution i.e. EMI payment will start latest from the 7th month from implementation of resolution; or
 - ii. Graded/Structured EMI with future EMIs.
 - c. The balance tenure of the loan can be extended by a period of a maximum of up to 24 months as per the Resolution Framework 2.0.
 - d. Additional finance to borrowers in respect of whom the resolution plan has been invoked, if sanctioned even before implementation of the plan in order to meet the interim liquidity requirements of the borrower, may be classified as

‘standard asset’ till implementation of the plan regardless of the actual performance of the borrower with respect to such facilities in the interim.

- 5) Resolution under this framework may be invoked not later than September 30, 2021 and must be implemented within 90 days from the date of invocation.
- 6) However, if the resolution plan is not implemented within the stipulated timelines, the asset classification of the additional finance sanctioned will be as per the actual performance of the borrower with respect to the additional finance or the rest of the credit facilities, whichever is worse.
- 7) If a resolution plan is implemented in adherence to the provisions of this facility, the asset classification of borrowers’ accounts classified as ‘Standard’ may be retained as such upon implementation, whereas the borrowers’ accounts which may have slipped into NPA between invocation and implementation may be upgraded as ‘Standard’ as on the date of implementation of the plan.
- 8) FIAFL publishing quarterly statements shall, at the minimum, make disclosures as per the format prescribed in Format-X in their financial statements for the quarters ending September 30, 2021 and December 31, 2021.
- 9) The credit reporting by FIAFL 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 involves renegotiations that would be classified as restructuring under the Prudential Framework. The credit history of the borrowers shall consequently be governed by the respective policies of the credit information companies as applicable to accounts that are restructured.
- 10) The resolution plan shall be deemed to be implemented only if all of the following conditions are met:
 - a. All related documentation, including execution of necessary agreements between FIAFL and the borrower and collaterals provided, if any.
 - b. The changes in the terms of conditions of the loans get duly reflected in the books of FIAFL ; and,
 - c. Borrower is not in default with FIAFL as per the revised terms.

If customers are not able to contact the Company through phone, you could send your queries and request through email at customercareafc@itiorg.com

For Fortune Integrated Assets Finance Limited

Chintan Valia
Managing Director
Mumbai, May 10, 2021