

NJ CAPITAL PRIVATE LIMITED

LOAN RESTRUCTURING SCHEME-Loan restructuring POLICY

Reference is drawn to RBI notification no. RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 May 05, 2021 relating to the **Resolution Framework – 2.0**. The Board of NJ Capital Private Limited noted the regulatory measures announced by the Reserve Bank of India to mitigate the burden of economic fallout and the resultant financial stress caused by COVID 19 pandemic second wave. This will be applicable only for individuals and entities that have been impacted due to the COVID-19 pandemic.

The Board considered the following -

- Increase in Debt Servicing burden,
- Nature of security and the underlying volatility in the security valuations,
- Underlying margin requirements,
- General study of the profile of borrowers and
- Credit and business risks

The Board noted the following for Loan restructuring 2.0,-

- (a) The Loan restructuring 2.0, will be applicable only for individuals and entities that have been impacted due to Covid-19 pandemic. The company has essentially retail clients and hence is governed by the Resolution Framework- 2.0 as defined above.
- (b) The second wave of Covid-19 pandemic, while causing extreme humanitarian distress, has seen generally resilient financial markets and the underlying collateral values for the loans disbursed by the Company have been remarkably stable, thereby not requiring any margin calls.
- (c) More than 99% of loans were collateralised by mutual funds. It was noted that in view of stable collateral valuations and the monthly periodicity of debt servicing required from clients, there may be no losses to be booked by the client should the EMI be serviced by way of invocation of securities, since an EMI itself is only a small proportion of the clients collateral offered.
- (d) Nevertheless, there was an appreciation that the cash flows of some of the borrowers may be negatively impacted due to the disruptions caused by the second wave of Covid-19 lockdown, and they could face problems in servicing the EMIs' (equated monthly installments) and may not want their securities to be invoked. The Board therefore decided to consider such requests on a case by case basis, purely depending on the merits of each case. The requests would be considered based on -
 - i. Actual disruption of cash flows as visible from the bank statement of the applicant borrower.
 - ii. Repayment track record of the applicant borrower, including the number of pledges invoked in the past.
 - iii. The compliance of the Borrower to requisite company policy with respect to security cover for the entire tenure of the loan.
 - iv. Quality of the collateral, extent of security cover and the absolute amount of security available for the revised tenure (including during restructuring/Loan restructuring period).

- (f) The Company could in such case, subject to satisfaction of all other conditions specified hereunder, extend a Loan restructuring/ or restructuring plan.
- i. The restructuring would be made available to Individuals who have availed of loans and advances for business purposes and to whom the lending institutions have aggregate exposure of not more than INR 25 Crores as on March 31, 2021.
 - ii. Credit facilities / investment exposure to the borrower was classified as Standard by the lending institution as on March 31, 2021.
 - iii. The resolution plans implemented under the framework may include rescheduling of payments, conversion of any interest accrued or to be accrued into another credit facility, granting of Loan restructuring etc. based on an assessment of income streams of the borrower. However, compromise settlements are not permitted as a resolution plan for this purpose.
 - iv. The preferred restructuring for the Company will involve a Loan restructuring of the EMI's. The repayment schedule for such loans as also the residual tenor, will be shifted across the board by the same number of months if a Loan restructuring is availed.
 - v. Interest rate mentioned in the Loan Term Sheet would accrue and be applied, at monthly rests, during the period of the Loan restructuring. The interest, during the Loan restructuring period, would be applied on total loan amount outstanding at the beginning of the Loan restructuring and charged subsequently on monthly rests.
 - vi. The interest applied during the Loan restructuring period would be capitalized and added to the principal outstanding and the EMI would be recalculated on this revised principal with the residual tenor remaining the same, as before. Hence the EMI will be revised upwards to recover the interest accruing during the Loan restructuring period.
 - vii. All other terms and conditions of the Loan Term Sheet including Clause 24 and Clause 25 would again apply on the residual installments, on the completion of the Loan restructuring period.
- (g) The Board would consider the requests for grant of Loan restructuring on a case by case basis, subject to the following -
- i. Receipt of an application (Annex I) and declaration (Annex II) duly signed by the Borrower(s)/Co-Borrowers,
 - ii. Declaration (Annex II),
 - iii. Bank Statement from 1st January 2021 onwards, of the registered bank account,
 - iv. Satisfaction of any other conditions, including requirement of additional collateral, as may be specified by the Board.
- (h) Apart from the above mentioned eligibility criteria, the following other terms and conditions are applicable for Loan restructuring under RBI's Resolution Framework:
- i. The maximum loan amount that can be considered for resolution shall be the outstanding amount at March 31,2021.
 - ii. The Borrowers whose earnings are not likely to be regular enough to service their Loan Instalments (Principal plus interest) that are due for up to next 6 months would be covered under this policy.
 - iii. The actual resolution plan/loan restructuring will vary from borrower to borrower depending on the stress levels that they are undergoing in the current environment
 - iv. Invocation should be completed within 30 days from the date of application by the borrower and the decision on the application shall be communicated in writing.

- v. The date of invocation shall be the date on which both the borrower and the company have agreed to proceed with a resolution plan under this framework.
- vi. Resolution must be implemented within 90 days from the date of invocation
- vii. The restructured loans would be sanctioned after perusing the application form received from interested borrowers giving the details of loans to be restructured.
- viii. The existing credit policy will be followed with respect to any deviations while restructuring the Loans
- ix. 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
- x. The company shall keep provisions from the date of implementation, which are higher of the provisions held as per the extant IRAC norms immediately before implementation, or 10 percent of the renegotiated debt exposure of the company post implementation (residual debt). Subsequent provisioning shall follow the extant RBI directions in this regards.
- xi. A restructuring would be treated as implemented if the following conditions are met:
All related documentation, including execution of necessary agreements between the company and borrower / creation of security charge / perfection of securities are completed; and the new structure and / or changes in the terms and conditions of the existing loans get duly reflected in the books of the company and the borrower.

NJ CAPITAL PRIVATE LIMITED
APPLICATION FOR GRANT OF Loan restructuring AS PER LOAN RESTRUCTURING
SCHEME

Sr. No.	Particulars	Details
1.	Name of the Borrower(s)	
2.	Loan Account Number (LAN)	
3.	Principal Outstanding	
4.	Collateral Value	
5.	Balance Tenure	
6.	Instalments for which Loan restructuring Sought	
7.	Source of Income – Disrupted	
8.	Amount of Income not received due to Covid-19 disruption	
9.	Interest Rate	

I/We hereby acknowledge that M/s.NJ Capital Private Limited (“The Lender”) has no obligation to provide Loan restructuring in the event that the responses provided by me/us are insufficient or do not meet the criteria prescribed by the Lender in terms of availing the Loan restructuring and Lender shall bear no responsibility to reimburse, indemnify, compensate or pay damages, or in any way make payments to me/us for any reason whatsoever in relation to any losses suffered due to rejection of this Loan restructuring Application.

FOR THE BORROWERS

Borrower Co-Borrower (1) Co-Borrower (2)

Name

Signature

DECLARATION TO BE FILLED BY THE CUSTOMER

I/We_____ hereby declare that the aggregate exposures of loans and advances availed from various lending institutions does not exceed Rs. 25 Crores(Rupees Twenty Five Crores only) as on March 31, 2021

I/We certify that the contents of this declaration are true and correct to the best of my/our knowledge and belief

Date:-

Place:-

FOR THE BORROWERS

Borrower Co-Borrower (1) Co-Borrower (2)

Name

Signature