

COVID 19 RESOLUTION POLICY – 2.0

For

COVID-19 RELATED STRESS

OF

PAYU FINANCE INDIA PRIVATE LIMITED

Authority	Details
Owned by	Risk Department
Scope	<p>This Covid 19 Resolution Policy 2.0 aims to:</p> <ul style="list-style-type: none"> (a) establish and adopt a framework for dealing with COVID-19 related stress as permitted by RBI in terms of its Covid Notification 2.0 (defined below); and (b) describe the mechanism for implementing resolution plans, in accordance with the Covid Notification 2.0, for giving relief to Affected Borrowers (defined below) who have been affected due to the outbreak of Covid-19 pandemic.
Drafted by	Legal and Compliance Department
Approved by	Board of Directors

TABLE OF CONTENTS

Contents	Page
1. DEFINITIONS AND INTERPRETATION	1
2. INTRODUCTION	3
3. PART 1 (ELIGIBILITY CRITERIA)	4
4. PART 2 (INDICATIVE SCENARIO AND DOCUMENTATION REQUIREMENT	5
5. PART 3 (RESOLUTION PLAN)	7
6. PART 4 (DOCUMENTATIONS)	10
7. PART 5 (BUREAU REPORTING, ASSET CLASSIFICATION AND PROVISIONING)	11
8. PART 6 (DISCLOSURE REQUIREMENTS)	12

DEFINITIONS AND INTERPRETATION

1 Definitions

“Affected Borrower(s)” means individuals to whom PayU Finance has provided Personal Loans and who are facing stress on account of Covid 19.

“Applicable Laws” means all applicable laws, statutes, enactments, acts of central or state legislature, ordinances, rules, regulations, notifications, guidelines, directions, directives, policies, circulars, decisions and any other pronouncements issued in accordance with the Companies Act, the RBI Master Directions or any other law applicable to the jurisdiction of India by any central, state, local, or other governmental, administrative or regulatory authority exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to the government.

“Board” means the Board of Directors of PayU Finance.

“Covid Notification 1.0” mean the notification dated 6 August 2020 bearing reference number RBI/2020-21/16 DOR.No.BP. BC/3/21.04.048/2020-21 issued by the RBI providing a resolution framework for COVID-19 related stress.

“Covid Notification 2.0” mean the notification dated 5 May 2021 bearing reference number RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 issued by the RBI providing a resolution framework for COVID-19 related stress.

“Covid 19 Resolution Policy 1.0” means the restructuring policy of PayU Finance in relation to Affected Borrowers affected by COVID-19 related stress, approved and adopted by the Board in accordance with the Covid Notification 1.0.

“Covid 19 Resolution Policy 2.0” means this restructuring policy of PayU Finance in relation to Affected Borrowers affected by COVID-19 related stress, approved and adopted by the Board in accordance with the Covid Notification 2.0.

“Facility Documents” means for: (a) Personal Loans which are in the nature of term loans, the application form, the facility agreement, the most important terms and conditions, the charge sheet and the general terms and conditions and other documents, and (b) Personal Loans that have been under the LazyPlus Facility, the welcome letter, the application form, the most important terms and conditions, each transaction advice, each statement, the general terms and conditions; and includes any other document which PayU Finance may from time to time require from borrowers to be completed, executed and/or delivered in connection with the Personal Loans or which is designated as a ‘Facility Document’ by PayU Finance, each as amended, supplemented, restated or substituted from time to time.

“Invocation Date” mean the date on which both the Affected Borrower and PayU Finance have agreed to and accepted the respective resolution plan under this Covid 19 Resolution Policy 2.0, such date being no later than 30 September 2021.

“LazyPlus Facility” means a category of Personal Loan offered by PayU Finance to its borrowers, in the nature of a revolving credit line and which can be utilized or drawn down by the borrowers for making payments directly to merchants (against the purchase of any products or services) which merchants have partnered with PayU Finance for such purposes.

“NBFC ND SI” means a systemically important non-deposit taking non-banking finance company registered with the RBI under the provisions of the Reserve Bank of India Act, 1934 and governed as per the RBI Master Directions and other applicable notifications, circulars, regulations issued by the RBI from time.

“PayU Finance” means PayU Finance India Private Limited, a company incorporated under the Companies Act, 1956.

“Personal Loans” means loans given to individuals and consisting of, amongst others: (a) loans given for personal consumption; (b) consumer credit; (c) education loan; (d) loans given for creation/enhancement of immovable assets (e.g., housing, etc.); and (e) loans given for investment in financial assets (shares, debentures, etc.).

“RBI” means the Reserve Bank of India.

“RBI Act” means the Reserve Bank of India Act, 1934, as amended from time to time.

“RBI Master Directions” means the Non-Banking Financial Company Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 having reference number RBI/DNBR/2016-17/45, Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1 September 2016, as amended from time to time.

INTRODUCTION

2 Background

- 2.1** PayU Finance operates as a NBFC ND SI and is *inter alia* engaged in the business of extending credit facilities (including but not limited to the Personal Loans) and providing certain ancillary services relating to technology, financial services or a combination of both.
- 2.2** RBI in terms of Covid Notification 1.0 had provided a window to enable lending institutions to implement a resolution plan in respect of, amongst others, personal loans, while classifying such exposures as standard, subject to specified conditions. Invocation of a resolution plan under the Covid Notification 1.0 was permissible upto 31 December 2020.
- 2.3** Due to the resurgence of the Covid-19 pandemic in India in April-May 2021, RBI in terms of Covid Notification 2.0 has introduced certain additional measures, in order to mitigate the burden on Affected Borrowers who may have been affected on account of the Covid-19 pandemic, by allowing lending institutions to offer a limited window for implementing resolution plans in respect of such Affected Borrowers, while classifying such exposures as “standard” upon implementation of the resolution plan, subject to the conditions as specified in Covid Notification 2.0.
- 2.4** Covid Notification 2.0 requires the board of directors of a lending institution to frame a policy which shall, amongst others, detail the eligibility of Affected Borrowers in respect of whom the lending institution shall be willing to consider resolution plans, and shall lay down the due diligence considerations to be followed by the lending institution to establish the necessity of implementing a resolution plan in respect of Affected Borrowers as well as the system for redressing the grievance of Affected Borrowers who request for resolution. Invocation of a resolution plan under Covid Notification 2.0 is permissible upto 30 September 2021.
- 2.5** In view of the above, the Board has approved and adopted this document as the ‘Covid 19 Resolution Policy 2.0’ of PayU Finance.

3 Objectives

The objectives of this Covid 19 Resolution Policy 2.0 are to set out the manner in which evaluation may be conducted and the objective criteria that may be applied while considering and/or implementing resolution plans for Affected Borrowers.

PART 1

ELIGIBILITY CRITERIA

4 Eligibility Criteria for Personal Loan:

- 4.1** Only Affected Borrowers facing stress on account of the Covid-19 pandemic are eligible to apply for a resolution plan under this Covid 19 Resolution Policy 2.0;
- 4.2** Only those Affected Borrowers shall be eligible for requesting a resolution plan under this Covid 19 Resolution Policy 2.0, whose accounts were classified as standard as on 31 March 2021;
- 4.3** Affected Borrowers who has availed any resolution plan under Covid 19 Resolution Policy 1.0, shall be eligible to request a resolution plan under this Covid Resolution Policy 2.0 only to the extent of increasing the period of moratorium or extension of residual tenor subject to overall cap of two years on the combined moratorium period.
- 4.4** Affected Borrowers who have applied for or requested a resolution plan under this Covid 19 Resolution Policy 2.0 shall continue to be classified as standard till the Invocation Date; and
- 4.5** Employees (including directors, chief executive officers and key managerial personnel) of PayU Finance shall not be eligible for availing any resolution plans under this Covid 19 Resolution Policy 2.0.

5 Timelines:

- 5.1** Resolution plans under this Covid 19 Resolution Policy 2.0 shall be invoked on or before 30 September 2021, unless otherwise notified by the RBI;
- 5.2** Unless otherwise notified by the RBI, each resolution plan invoked under this Covid 19 Resolution Policy 2.0 shall be implemented within 90 (ninety) days from its Invocation Date; and
- 5.3** The decision on the application requesting a resolution plan under this Covid 19 Resolution Policy 2.0 shall be communicated in writing to the Affected Borrower within 30 days of receipt of such application.

PART 2

INDICATIVE SCENARIOS AND DOCUMENTATION REQUIREMENTS

6 Scenarios under which a resolution plan may be considered by PayU Finance

6.1 Financial Constraint - Salaried Affected Borrowers

6.1.1 In case the Affected Borrower has lost his/ her employment and the Affected Borrower has submitted one of the below mentioned documents:

- A copy of a letter or an email from the Affected Borrower's employer evidencing termination or other cessation of Affected Borrower's employment; or
- A copy of bank account statements from the date of termination or cessation of employment evidencing that there has been no salary or other similar compensation credited into the Affected Borrower's bank account. The bank account should be the same in which the salary or other similar compensation was being credited previously.

6.1.2 In case the Affected Borrower's salary has been reduced temporarily and the Affected Borrower has submitted one of the below mentioned documents:

- A copy of a letter or an email from the Affected Borrower's employer evidencing temporary reduction in the salary or other similar compensation; or
- A copy of bank account statements from the date of such reduction in salary or other compensation evidencing that there has been reduction in the salary or other similar compensation credited into the Affected Borrower's bank account. The bank account should be the same in which the salary or other similar compensation was being credited previously.

6.1.3 Exceptional approvals:

In cases where the Affected Borrower is not able to furnish documents as listed in paragraphs 6.1.1 or 6.1.2 above but claims to be incapable of making repayments owing to severe medical conditions affecting such Affected Borrower or one or more of his/her family members or significant expenditure incurred in relation to any of the above, PayU Finance may consider providing a resolution plan, subject to the following conditions:

- Such medical conditions or expenditures as stated above relate to Covid 19 and appropriate documentation has been provided by the Affected Borrower to PayU Finance to evidence the same;
- The Affected Borrower has a satisfactory track record of timely repayment of their dues or equated monthly installments ("**EMIs**") prior to applying for/ requesting a resolution plan; and
- The credit assessment of the Affected Borrower is satisfactory to PayU Finance as determined by it in its sole discretion.

6.2 Financial Constraint – Self-Employed Affected Borrowers

6.2.1 In case the Affected Borrower has been facing liquidity and/or financial constraints due to the COVID-19 pandemic, and where the Affected Borrower has prior to making the request for a resolution plan has ensured the following:

- The Affected Borrower has paid, in a timely manner, more than 40% (forty percent) of his / her EMIs or other dues; or

- The Affected Borrower has paid his/her last 3 (three) EMIs or other dues as per the specified repayment schedule without any delay or demur;

6.2.2 Exceptional approvals:

In cases where the Affected Borrower is not be able to furnish documents as listed in paragraphs 6.2.1 or 6.2.2 above but claims to be incapable of making repayments owing to severe medical conditions affecting such Affected Borrower or one or more of his/her family members or significant expenditure incurred in relation to any of the above, PayU Finance may consider providing a resolution plan, subject to the following conditions:

- Such medical conditions or expenditures as stated above relate to Covid 19 and appropriate documentation has been provided by the Affected Borrower to PayU Finance to evidence the same;
- The Affected Borrower has a satisfactory track record of timely repayment of their dues or EMIs prior to applying for/ requesting a resolution plan; and
- The credit assessment of the Affected Borrower is satisfactory to PayU Finance as determined by it in its sole discretion.

6.3 PayU Finance may impose such other conditions and may seek such other documents and evidence as may be deemed appropriate by it before agreeing to provide a resolution plan in case of both categories of Affected Borrowers, that is, salaried and self-employed.

6.4 In cases where the Affected Borrower is not able to furnish all or any of the documents listed above in paragraphs 6.1 or 6.2, any one of the Directors or the Chief Executive Officer or the CFO of PayU Finance or the CRO of PayU Finance, may after being satisfied with the circumstances of the Affected Borrower and after recording reasons, approve the providing of a resolution plan to such Affected Borrower.

PART 3

RESOLUTION PLAN

7 Resolution plans under this Covid 19 Resolution Policy 2.0

Upon the receipt of a request from the Affected Borrower, PayU Finance may agree to one or more of the following methods to arrive at a resolution plan:

7.1.1 Extension/re-schedulement of tenure:

A. In case the Affected Borrower, who has availed a Personal Loan in the nature of a term loan, requests for reduction in the EMI amounts or other dues by seeking extension or re-schedulement of tenure of the Personal Loan, then, such extension/re-schedulement as mentioned in the table below may be agreed by PayU Finance, subject to the approval of approving authorities as mentioned in the table below:

Plan type	Loan Tenure (in months)	Remaining Tenure (in months)	Extension period	Approving authority
L1	12	Less than 6	up to 3 month	NCM
L2	12	More than 6	up to 6 months	CRO
L3	More than 12	Less than 9	up to 6 months	NCM
L4	More than 12	More than 9	up to 12 months	CRO

B. In case the Affected Borrower, who has availed a Personal Loan in the nature of a revolving credit line (that is, LazyPlus Facility) requests any extension or re-schedulement of tenure of any EMIs, then, any such extension or re-schedulement as mentioned in the table below may be agreed by PayU Finance, subject to the approval of approving authorities as mentioned in the table below:

Plan type	Loan Tenure (in months)	Remaining Tenure (in months)	Extension period	Approving authority
L1	3	Less than 2	up to 3 months	NCM
L2	6	Less than 5	up to 3months	NCM

Conditions:

- The rate of interest will be specified in the documentation to be entered between PayU Finance and the Affected Borrower(s) for implementing the resolution plan.
- Revised loan amortization schedule or repayment structure to be shared with and agreed to by the Affected Borrower.

Note: The CRO will be authorised to: (a) approve any changes in the above mentioned grids, and (b) evaluate and/or consider on case to case basis the requirement to sanction any extension/re-schedulement availed by the Affected Borrower who do not qualify as per the above mentioned grids. The CRO will also be authorised to approve extension of tenure to the maximum limit permitted by RBI.

7.1.2 Payment Holiday:

- A. In case the Affected Borrower, who has availed a Personal Loan in the nature of a term loan, requests for a payment holiday or moratorium for EMI amounts or other dues, such payment holiday or moratorium as mentioned in the table below may be agreed by PayU Finance, subject to the approval of approving authorities as mentioned in the table below:

Plan type	Loan Tenure (in months)	Remaining Tenure(in months)	Payment Holiday	Approving authority
L1	12	Less than 6	up to 3 months	NCM
L2	12	More than 6	up to 3 months	NCM
L3	More than 12	Less than 9	up to 3 months	CRO
L4	More than 12	More than 9	up to 3 months	CRO

Conditions:

- The payment holiday or moratorium option shall be applicable only on the outstanding principal amount and not on the interest amounts. The Affected Borrower shall continue to pay the agreed interest every month till the payment holiday or moratorium is active.
- Revised loan amortization schedule to be shared with and agreed to by the Affected Borrower.
- In case the Affected Borrower, who has availed a Personal Loan in the nature of a revolving credit line (that, is LazyPlus Facility) requests a payment holiday or moratorium for any Minimum Amount Due (as described in the Facility Documents), a payment holiday of up to 3 months may be agreed by PayU Finance, subject to the approval of NCM as the approving authority. In such cases, no moratorium on the Total Amount Due(as described in the Facility Documents) will be permitted.

Conditions:

- The payment holiday or moratorium option shall be applicable only on the Minimum Amount Due. The Affected Borrower shall continue to pay the agreed interest on the Total Amount Due (as described in the Facility Documents) on bi-monthly basis till the payment holiday or moratorium is active.

Note: The CRO will be authorised to approve any changes in the above mentioned grid. The CRO will also be authorised to approve any extension of tenure to the maximum limit permitted by RBI.

7.1.3 Moratorium on the entire outstanding EMIs amounts or other dues together with extension of loan tenure:

In case the Affected Borrower, who has availed a Personal Loan in the nature of a term loan, requests for this option, the same as mentioned in the table below may be agreed by PayU Finance, subject to the approval of approving authorities as mentioned in the table below:

Plan type	Loan Tenure (in months)	Remaining Tenure (in months)	Payment Holiday	Extension period	Approving authority
L1	12	Less than 6	up to 3 months	up to 3 months	NCM
L2	12	More than 6	up to 3 months	up to 3 months	NCM
L3	More than 12	Less than 9	up to 2 months	up to 4 months	CRO
L4	More than 12	More than 9	up to 3 months	up to 6 months	CRO

Conditions:

- This option, that is, moratorium on the entire outstanding EMIs amounts or other dues together with extension of loan tenure, will be applicable on the entire outstanding EMIs amounts or other dues (that is, principal and interest). Upon completion of the moratorium period, the Affected Borrower will be required to repay the EMIs or other dues in accordance with the revised loan amortization schedule as provided in the resolution plan.
- The same rate of interest, which was applicable prior to the grant of the moratorium, will apply to the extended loan tenure.

Note: The CRO will be authorised to: (a) approve any changes in the above mentioned grid and (b) evaluate and/or consider on case to case basis the requirement to sanction a moratorium on the entire outstanding EMIs amounts or other dues together with extension of loan tenure in relation to Personal Loans availed by the Affected Borrower who do not qualify as per the above mentioned grids. The CRO will also be authorised to approve extension of tenure to the maximum limit permitted by RBI.

7.2 Tracking the trend:

A tracking mechanism is to be developed and close tracking to be done for all cases for which resolution plans are agreed under this Covid 19 Resolution Policy 2.0. The portfolio performance of these cases will be tracked post implementation of the respective resolution plans.

7.3 For the purposes of the approval authority grid under this Part 3:

- “**NCM**” means the respective national collection managers, the portfolio collection managers or the strategy managers of PayU Finance.
- “**CRO**” means the chief risk officer of PayU Finance.
- “**CFO**” means the chief financial officer of PayU Finance.

PART 4

DOCUMENTATION AND COMPLIANCE

- 8** The implementation of the resolution plan under this Covid 19 Resolution Policy 2.0 shall be subject to the following:
 - 8.1** All required documentation, as recommended by the Legal and Compliance Department, are completed, including execution of necessary agreements or terms and conditions between PayU Finance and the Affected Borrower;
 - 8.2** Changes in the terms and conditions of the Personal Loans are reflected in the books of accounts; and
 - 8.3** The Affected Borrower's account is not in default with PayU Finance as per the revised terms as contained in the resolution plan.

PART 5

BUREAU REPORTING, ASSET CLASSIFICATION AND PROVISIONING

9 Bureau reporting:

In accordance with the Covid Notification 2.0, the credit reporting of accounts for which resolution plans are implemented under this Covid 19 Resolution Policy 2.0 shall be reflected as “**restructured due to Covid 19**”.

10 Asset Classification and provisioning:

- 10.1** If a resolution plan is implemented in accordance with this Covid 19 Resolution Policy 2.0, the asset classification of Affected Borrowers' accounts classified as standard may be retained as such. Affected Borrowers' accounts which may slip into non-performing assets (“**NPA**”) between the Invocation Date and implementation may be upgraded as standard, as on the date of implementation of the resolution plan.
- 10.2** In respect of an Affected Borrower where the Resolution Plan has been invoked, and such Affected Borrower has also been sanctioned additional funds before implementation of the Resolution Plan for the purpose of meeting his/her interim liquidity requirements, such additional funds sanctioned to the Affected Borrower may also be classified as 'standard' till implementation of the Resolution Plan regardless of the actual performance of the Affected Borrower in the interim. However, if the Resolution Plan is not implemented within 90 (ninety) days from its Invocation Date, the asset classification of such additional funds sanctioned will be as per the actual performance of the Affected Borrower with respect to such additional funds or performance of the rest of the Personal Loan(s) availed by the Affected Borrower, whichever is worse.
- 10.3** Provisions in accordance with the Income Recognition and Assets Classification Norms or 10% (ten percent) of the renegotiated exposure, whichever is higher, shall be made for each account for which resolution plan is implemented under this Covid 19 Resolution Policy 2.0.
- 10.4** 50% (fifty percent) of the above provisions may be written back upon the Affected Borrower paying at least 20% (twenty percent) of the residual debt without slipping into NPA post implementation of the resolution plan, and the balance 50% (fifty percent) may be written back upon the Affected Borrower paying another 10% (ten percent) of the residual debt without slipping into NPA subsequently.
- 10.5** Subsequent asset classification and further upgradation shall be governed by the criteria laid out in the prudential norms applicable to PayU Finance.
- 10.6** Upon completion of the monitoring period without being classified as NPA, the asset classification norms will revert to the criteria laid out in the prudential norms applicable to PayU Finance.
- 10.7** The provisions required to be maintained under this Covid 19 Resolution Policy 2.0 and/or the Covid 19 Notification 2.0, to the extent not already reversed, shall be available for provisioning requirements when any of the accounts, where a resolution plan is implemented, is subsequently classified as NPA.

PART 6

DISCLOSURE REQUIREMENTS

11 Disclosures in accordance with the formats specified under the Covid Notification 2.0 shall be made as part of annual financial statements along with other disclosures, as may be required by PayU Finance from time to time.

12 Amendments

12.1 Any amendments to this Covid 19 Resolution Policy 2.0 will be reviewed and approved by the Board.

12.2 Provisions of this Covid 19 Resolution Policy 2.0 are subject to amendment in accordance with Applicable Laws (including rules, regulations, notifications) on the subject as may be issued from time to time. In case any provisions of this Covid 19 Resolution Policy 2.0 are inconsistent with Applicable Laws (including any subsequent amendment(s), clarification(s), circular(s), etc.) then such provisions of Applicable Laws shall prevail over the provisions hereunder and this Covid 19 Resolution Policy 2.0 shall stand amended so that it complies with Applicable Laws from the effective date of the change in Applicable Laws.

13 Publication

This Covid 19 Resolution Policy 2.0 will be displayed on the website of PayU Finance.