Yunus Social Business Fund Bengaluru Private Limited

Credit & Restructuring Policy

(Revised Version approved by the
Board of Directors on 28th November 2024)

Yunus Social Business Fund Bengaluru Private Limited
103-106-107, Anjanapura Main Road, Avalahalli,
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CIN: U65999KA2016PTC094207

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CREDIT & RESTRUCTURING POLICY

Table of Contents

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1. INTRODUCTION

1.1 COMPANY

Yunus Social Business Fund Bengaluru Private Limited (YSBFB) was incorporated in 2016. It subsequently received a Type I Non-Banking Financial Company (NBFC) license from the Reserve Bank of India (RBI) on February 9, 2017, categorized as a Non-Systemically Important Loan Company. In November 2019, the Company upgraded its license to a Type II NBFC. As per the latest RBI scale based regulations, YSBFB is currently categorized as an NBFC-ICC-BL (Non-Banking Financial Company-Investment & Credit Company-Base Layer). The Company primarily raises capital through equity and debt financing from domestic and foreign institutions. It does not accept public deposits.

YSBFB is inspired by Nobel Laureate Prof. Muhammad Yunus's Social Business Philosophy. A social business is one with a social mission at its core, and 100% dedicated to solving human problems. A social business either creates income for the poor or provides them with essential products and services like healthcare, safe water or clean energy. They operate exactly like normal companies except for a few small differences: i) the primary aim of Social Business is to solve a social problem; ii) unlike a charity, a social business generates profit and reinvests these profits back into generating impact; iii) a social business aims to be financially self-sustaining.

We aim to achieve this through providing patient finance to businesses that are driven by ambitious local entrepreneurs with a strong for focus on solving social / environmental problems with sustainable business principles and creating impact.

1.2 VISION

YSBFB's vision is to have a "World of Three Zeroes" i.e.

- Zero Poverty;
- Zero Unemployment;
- Zero Net Carbon Emissions.

1.3 MISSION

YSBFB's purpose is to **harness the power of business to end poverty** and the climate crisis.

1.4 OBJECTIVES OF THE POLICY

a) **Credit Risk Mitigation:** Establish a framework for assessing and mitigating credit risk across all lending activities.
b) **Asset Quality:** Maintain a high-quality loan portfolio with minimal delinquency and non-performing assets (NPAs).
c) **Sustainable Growth:** Promote responsible lending practices that align with the YSBFB's growth objectives and risk appetite.
d) **Regulatory Compliance:** Ensure adherence to all applicable laws, regulations, and guidelines governing the YSBFB's credit operations.
e) **Transparency and Fairness:** Maintain transparency in credit decision-making and ensure fair treatment of all borrowers.

2. ELIGIBILITY CRITERIA

There are two ways in which the Company source borrowers: 1) Referrals from other funds, YSBFB's local networks; and 2) Active outreach to borrowers by narrowing down on target sectors and sub-sectors.

The Company looks at the following criteria to qualify its borrowers, in order to form a credit rating for evaluation:

a) Business model sustainability
b) Social impact metrics and focus on targeting underserved populations in India
c) Historical financial performance (minimum 3 years' operating history)
d) Reputation and profile of the borrower
e) DSCR & interest coverage ratios, other credit & default risk metrics
f) Repayment track record of the borrower in case of existing debt
g) Future potential and scalability

3. PRODUCTS

Yunus Social Business Fund Bengaluru Private Limited
103-106-107, Anjanapura Main Road, Avalahalli,
JP Nagar 9th Phase, Bengaluru – 560062 India
CIN: U65999KA2016PTC094207

3.1 LOAN PRODUCTS

YSBFB offers various products to meet different credit needs of the social businesses:

a) Long Term Loans,
b) Short Term Loans
c) Working Capital
d) Business Loans
e) Line of Credit for Short Term Loan
f) Micro Equity

3.2 SUBSCRIPTION TO DEBT/EQUITY INSTRUMENRS

YSBFB may provide financial assistance by subscribing to various Debt/Equity Instruments issued by the Borrower:

a) Convertible Notes;
b) Debentures
c) Equity Shares
d) Preference Shares

3.3 OTHERS

Apart from the above products/financial assistance, YSBFB may offer any other product to the Borrower or subscribe to any other financial instruments subject to approval by the Investment Committee of YSBFB or by the Managing Director of YSBFB, in case the Loan/Investment amount is less than INR 20 Lakhs.

4. CREDIT/INVESTMENT CONCENTRATION NORMS

YSBFB shall not have exposure (credit/investment taken together) exceeding

a) twenty-five percent of its Tier 1 capital to a single party/entity; and
b) forty percent of its Tier 1 capital to a single group of parties/entities,

In case of any additional exposure than the aforesaid limits, approval from Risk Management Committee would be needed.

5. PRICING

The interest rates charged by YSBFB to its borrowers shall be based on the following:

a) Cost of Funds (based on the average bank lending rate to NBFC-MFIs)
b) Cost of Operations for YSBFB;
c) Percentage loss of principal payments across the portfolio; and
d) Institution Margin for sustainability and growth.

To price the loans up from the base rate, YSBFB considers the following factors to arrive at a borrower-specific interest rate:

a) DSCR & interest coverage ratios,
b) Other credit & default risk metrics (i.e. Risk category of the Borrower);
c) Historical financial performance;
d) Repayment track record of the borrower in case of existing debt;
e) Business model sustainability;
f) Reputation and profile of the borrower;
g) Future potential and scalability; and
h) Social impact metrics and focus on targeting underserved populations;

Such information is gathered based on information provided by the borrower, credit reports, market intelligence and information gathered by field inspection of the borrower's premises. The rate of interest for the loans and tenure availed during same period by different borrowers is not standardized. It varies for different borrowers depending upon consideration of any or combination of above factors.

The interest rate is offered on fixed basis, and the interest is charged on declining balance method. Interest rates would be intimated to the borrower at the time of sanction of the loan and indicative EMI apportionment towards interest and principal dues would be made available to the borrower. The interest and principal shall be deemed payable immediately on the due date as communicated. Interest will begin accruing on the first day of the disbursement, and principal +

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interest will be due at the end of the month. If a moratorium is granted for principal repayment, then monthly prepayment for the principal will be applicable after the moratorium is complete.

Changes in the interest rates and charges would be prospective in effect and intimation of change of interest or other charges would be communicated to borrowers in writing. Any revision in our interest rates applicable to borrowers would be reviewed and approved by the Board of Directors.

Besides interest, other financial charges like processing fees, origination fees, late payment charges, pre-payment / foreclosure charges, would be levied by YSBFB wherever considered necessary as per the terms of the loan communicated. Besides these charges, stamp duty, Good & Service Tax and other cess would be collected at applicable rates from time to time. Any revision in these charges would be from prospective effect.

Claims for refund or waiver of charges, penal charges or accrued interest would normally not be entertained by YSBFB, and it is at the sole discretion of YSBFB to deal with such requests.

6. PROCESS OF APPROVAL AND DISBURSEMENT

In order to qualify for a loan, borrowers need to submit an application to the Company describing their business using the following guidelines: a) Outlining the social problem and how the borrower's business addresses this problem; b) detailed review of the product and/or service; c) historical financials; d) financial projections; e) details on the management team; and f) debt ask from the Company.

Upon receipt of the loan application from a borrower, if deemed a good fit, the Company conducts adequate due-diligence at the field level to determine the genuineness of the borrower and need for the loan. However, to avoid operational risks associated with lending and to comply with RBI Directions, the borrower information shall be shared with the credit bureau database.

The borrowers are evaluated through the Company's risk-rating frameworks and 2 rounds of an Investment Committee, which ultimately approves each disbursement. Further to this evaluation, the Company contracts an external party to conduct further extensive financial diligence, having conducted business, legal and secretarial diligence internally. The Company furnishes a copy of the Loan Agreement, Deed of Hypothecation and related enclosures to the borrower prior to the disbursement of the loan. After both parties' signatures and stamps are availed of on each of the legal documents, the Company shall disburse the loan to the Borrower, within an availability

Yunus Social Business Fund Bengaluru Private Limited
103-106-107, Anjanapura Main Road, Avalahalli,
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CIN: U65999KA2016PTC094207

period of 30 days. In terms of security, the Company will take a first charge on movable assets, including cash, receivables and movable property, which will be further stipulated through the Deed of Hypothecation. The Company shall keep record of the borrower's acceptance of all these terms and conditions.

The Company disburses loans via bank transfer after the completion of legal and compliance formalities. A processing fee is required to be transferred by the borrower to the Company prior to the disbursement of the Loan.

The Company shall give notice to its borrower if any change in the terms and conditions – including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company shall also ensure that changes in interest rates and charges are effected only prospectively. A suitable provision in this regard is incorporated in the Loan Agreement.

Moreover, a decision to recall the loan or accelerate repayment shall also be in accordance with the loan agreement. Further loans will be considered to existing borrowers on the basis of prompt repayment of earlier loans and on regular & satisfactory business and financial reviews.

7. RISK MANAGEMENT

While YSBFB has adopted a risk-based approach to the implementation of this Policy, it is necessary to establish appropriate framework covering proper management oversight, systems, controls and other related matters.

As per KYC policy, for acceptance and identification, borrowers are categorized broadly into low risk, medium risk, and high risk categories:

a) Low risk borrowers: For the purpose of this policy, a low risk category will be businesses whose sources of income can be easily identified and who have structured turnover, a strong credit history and profile, regular turnover, and the transactions in whose accounts by and large conform to the known profile.

b) Medium risk borrowers: For the purpose of this policy, a medium risk category would include businesses that have a sound business and profitable track record for a reasonable time period, and a relatively stable social and financial status.

Yunus Social Business Fund Bengaluru Private Limited
103-106-107, Anjanapura Main Road, Avalahalli,
JP Nagar 9th Phase, Bengaluru – 560062 India
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c) High risk borrowers: For the purpose of this policy, a high risk category would include businesses that do not have a profitable track record, have uncertain cash flows and questionable business model sustainability.

YSBFB may at its discretion identify additional factors that it may wish to utilize for borrower acceptance based on risk profile determined by YSBFB. YSBFB's compliance functions shall play an important role in evaluating and ensuring adherence to KYC policies and procedure, including legal and regulatory requirement.

For borrower approval, the submission of KYC is a prerequisite for a credit risk grading. YSBFB obtains KYC from its borrowers as per the board approved KYC & PMLA policy as directed by RBI. As stated in the KYC Policy, YSBFB shall ensure that its borrowers are not a fictitious persons by verifying the identity of the customer through documentation and shall also carry out necessary checks, so as to confirm that the identity of the borrower on the basis of the documents obtained does not match with any person with known criminal background or with banned entities, such as individual terrorists or terrorist organizations.

8. REPAYMENT AND SECURITY

The loan due date is the last working day of each month. If the due date falls on either Saturday or Sunday, then the due date will be the previous Friday. In case, the due date falls on any other holiday, in such cases also, the due date will be the previous working day. The borrower should arrange to repay the loan instalments either as cash deposit* (*Cash deposit not allowed beyond Rs. 20,000 as per Sec 269 SS & Sec 269 T of the Income Tax act.) or by transfer to the following loan account of YSBFB.

Monthly repayment on the loan will be made by borrowers to the Company's accounts via bank transfer only, on the last business day of each month. A repayment holiday (moratorium) on principal shall be negotiated upon approval process of the loan.

The Company shall release all securities on repayment of its full dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company may have against its borrowers. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled or paid.

Yunus Social Business Fund Bengaluru Private Limited
103-106-107, Anjanapura Main Road, Avalahalli,
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CIN: U65999KA2016PTC094207

YSBFB shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/settlement of the loan account. Property documents can be collected by the Borrower at the registered office of the Company.

The timeline and place of return of original movable/immovable property documents shall be mentioned in the loan sanction letters issued on or after the effective date.

In case of demise of the sole individual borrower or joint borrowers, YSBFB shall a detailed procedure for return of original movable/immovable property documents to the legal heirs. Such procedure shall be displayed on the website of YSBFB along with other similar policies and procedures for customer information.

9. DELINQUENCY MANAGEMENT

Delinquency is the situation where the borrower misses to repay the loan instalments either principal or interest on the due dates and then the loan becomes overdue. Delinquency management is a key risk management strategy as both principal overdue and interest overdue will affect the functioning of the financial institution. YSBFB has put in place a robust delinquency management system.

9.1 STANDARD ASSET:

Standard asset shall mean the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business;

9.2 SUB-STANDARD ASSET

Sub -Standard Asset shall mean:

a) an asset which has been classified as non-performing asset for a period not exceeding 18 months;

Yunus Social Business Fund Bengaluru Private Limited
103-106-107, Anjanapura Main Road, Avalahalli,
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CIN: U65999KA2016PTC094207

b) an asset where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.

9.3 DOUBTFUL ASSET

Doubtful Asset shall mean:

a) a term loan, or
b) a lease asset, or
c) a hire purchase asset, or
d) any other asset,

which remains a sub-standard asset for a period exceeding 18 months.

9.4 LOSS ASSET

Loss Asset shall mean:

a) an asset which has been identified as loss asset by the non-banking financial company or its internal or external auditor or by the Bank during the inspection of the applicable NBFC, to the extent it is not written off by the applicable NBFC; and
b) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

9.5 NON-PERFORMING ASSET*

Non-Performing Asset (“NPA”) shall mean:

a) an asset, in respect of which, interest has remained overdue for a period of six months or more;
b) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of six months or more or on which interest amount remained overdue for a period of six months or more;

Yunus Social Business Fund Bengaluru Private Limited
103-106-107, Anjanapura Main Road, Avalahalli,
JP Nagar 9th Phase, Bengaluru – 560062 India
CIN: U65999KA2016PTC094207

c) a demand or call loan, which remained overdue for a period of six months or more from the date of demand or call or on which interest amount remained overdue for a period of six months or more;
d) a bill which remains overdue for a period of six months or more;
e) the interest in respect of a debt or the income on receivables under the head 'other current assets' in the nature of short-term loans / advances, which facility remained overdue for a period of six months or more;
f) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of six months or more;
g) the lease rental and hire purchase instalment, which has become overdue for a period of twelve months or more;
h) in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower / beneficiary when any of the above credit facilities becomes non-performing asset.

Provided that in the case of lease and hire purchase transactions, an applicable NBFC ("Non-Banking Financial Company") shall classify each such account on the basis of its record of recovery.

**** As per the Scale Based Regulations Circular issued by the Reserve Bank of India ("RBI") vide no. RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated 22nd October 2021, RBI has amended the NPA Classification as below:***

9.6 NPA CLASSIFICATION –

The extant NPA classification norm stands changed to the overdue period of more than 90 days for all categories of NBFCs. A glide path is provided to NBFCs in Base Layer to adhere to the 90 days NPA norm as under –

NPA Norms	*Timeline*
>150 days overdue	*By March 31, 2024*
>120 days overdue	*By March 31, 2025*
> 90 days	*By March 31, 2026*

Yunus Social Business Fund Bengaluru Private Limited
103-106-107, Anjanapura Main Road, Avalahalli,
JP Nagar 9th Phase, Bengaluru – 560062 India
CIN: U65999KA2016PTC094207

9.7 SPECIAL MENTION ACCOUNTS:

Before a loan account turns into an NPA, YSBFB shall be required to identify incipient stress in the account by creating a sub-asset category viz. 'Special Mention Accounts' (SMA) with the three sub-categories as given in the table below:

SMA Sub-categories	Basis for classification
SMA-0	Principal or interest payment not overdue for more than 30 days but account showing signs of incipient stress as illustrated below.
SMA-1	Principal or interest payment overdue between 31-60 days
SMA-2	Principal or interest payment overdue between 61-180 days

Note: The period of SMA-2 shall be adjusted as per glide path outlined in paragraph 6 above.

9.8 SMA-0 SIGNS OF STRESS

Illustrative list of signs of stress for categorizing an account as SMA-0:

a) Delay of 90 days or more in (a) submission of stock statement / other stipulated operating control statements or (b) credit monitoring or financial statements or (c) non-renewal of facilities based on audited financials.
b) Actual sales / operating profits falling short of projections accepted for loan sanction by 40% or more; or a single event of non-cooperation / prevention from conduct of stock audits by NBFCs or evidence of diversion of funds for unapproved purpose.
c) Return of 3 or more cheques (or electronic debit instructions) issued by borrowers in 30 days on grounds of non-availability of balance/DP in the account or return of 3 or more bills / cheques discounted or sent under collection by the borrower.
d) Devolvement of Deferred Payment Guarantee (DPG) instalments or invocation of Bank Guarantees (BGs) and its non-payment within 30 days.
e) Third request for extension of time either for creation or perfection of securities as against time specified in original sanction terms or for compliance with any other terms and conditions of sanction.
f) The borrower reporting stress in the business and financials.
g) Promoter(s) pledging/selling their shares in the borrower company due to financial stress.

9.9 EVENT OF DEFAULT AND REMEDIES:

After a period of 90 days of borrower's non-payment, YSBFB may exercise its lender rights to pursue, in accordance with 'Event of Default' section in borrower's Loan Agreement, depending on severity of case, the following actions:

a) Recall of entire Loan;
b) Cancel any undisbursed Loan;
c) Accelerate repayment of Loan;
d) Convert outstanding amounts to equity;
e) Recover hypothecated assets;
f) Initiating recovery as a Financial Creditor under NCLT; and
g) Register dispute in a court of law.

10. PROVISIONING AND WRITE-OFF

YSBFB follows the provisioning and write-off norms in compliance with the *Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023*.

10.1 PROVISIONING ON STANDARD ASSET

YSBFB shall make provision for standard assets at 0.25 percent of the outstanding amount.

10.2 PROVISIONING ON SUB-STANDARD ASSET

An asset which has been classified as non-performing asset for a period not exceeding 18 months. An asset where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms. A general provision of 10% of total outstanding shall be made.

10.3 PROVISIONING ON DOUBTFUL ASSET

A term loan, or (b) a lease asset, or (c) a hire purchase asset, or (d) any other asset, which remains a sub-standard asset for a period exceeding 18 months. Provision shall be made as hereunder:

Yunus Social Business Fund Bengaluru Private Limited
103-106-107, Anjanapura Main Road, Avalahalli,
JP Nagar 9th Phase, Bengaluru – 560062 India
CIN: U65999KA2016PTC094207

a) 100 per cent provision to the extent to which the advance is not covered by the realizable value of the security to which YSBFB has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis;

b) In addition to item (a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20 per cent to 50 per cent of the secured portion (i.e. Estimated realisable value of the outstanding) shall be made on the following basis:-

Period for which the asset has been considered as doubtful	**Per cent of provision**
Up to one year	20
One to three years	30
More than three years	50

10.4 PROVISIONING ON LOSS ASSET

An asset which has been identified as a loss asset by YSBFB or its internal or external auditor, or by the RBI during the inspection of the NBFC. It is an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security, non-availability of security, any fraudulent act or omission on the part of the borrower, migration of member, loss of business, natural calamities or willful default.

For this category, 100% provision to the extent to which the advance is not covered by the realizable value of the security to which the NBFC has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis. If the assets are permitted to remain in the books for any reason, 100% of the outstanding should be provided for.

10.5 WRITE OFF

YSBFB will write off the loans only when the following conditions are fulfilled:

a) The non-performing loan should have been classified as Loss assets and 100% provision should have been made.

Yunus Social Business Fund Bengaluru Private Limited
103-106-107, Anjanapura Main Road, Avalahalli,
JP Nagar 9th Phase, Bengaluru – 560062 India
CIN: U65999KA2016PTC094207

b) All available means of recovery measures should have been exhausted before writing off any account fully or partly.
c) The loan should have run a minimum period of 3 years.
d) The Board of Directors of YSBFB has to approve the write off of loan accounts.

Even after the write off of the loan accounts in the books of YSBFB, it will manage a mirror account in its book in the manual mode and recovery efforts will be continued.

11. RESTRUCTURING AND RESCHEDULING

YSBFB may, for economic or legal reasons relating to the borrower's financial difficulty, grant to the borrower certain concessions, which it would not consider otherwise. The following prudential norms shall be applicable to restructuring of advances of Portfolio Companies and in compliance with the RBI guidelines:

11.1 ELIGIBILITY CRITERIA

a) Restructuring of accounts may be classified under 'standard', 'sub- standard' and 'doubtful' categories.
b) Restructuring of borrower accounts cannot be made with retrospective effect. While a restructuring proposal is under consideration, the usual asset classification norms shall continue to apply. The process of re-classification of an asset shall not stop merely because restructuring proposal is under consideration. In case there is undue delay in sanctioning a restructuring package and in the meantime the asset classification status of the account undergoes deterioration, it shall be a matter of supervisory concern to be approved of by the YSBFB Board of Directors.
c) Restructuring cannot take place unless alteration / changes in the original loan agreement are made with the formal consent / application of the lender. However, the process of restructuring can be initiated by the YSBFB in deserving cases subject to borrower agreeing to the terms and conditions.
d) No account will be taken up for restructuring unless the financial viability is established and there is a reasonable certainty of repayment from the borrower, as per the terms of restructuring package.
e) Borrowers indulging in frauds and malfeasance shall continue to remain ineligible for restructuring.

11.2 ASSET CLASSIFICATION NORMS

a) The accounts classified as 'standard assets' should be immediately re- classified as 'sub-standard assets' upon restructuring.

b) The non-performing assets, upon restructuring, would continue to have the same asset classification as prior to restructuring and slip into further lower asset classification categories with reference to the pre-restructuring repayment schedule.

c) Any additional finance may be treated as 'standard asset' during the specified period under the approved restructuring package. However, in the case of accounts where the pre-restructuring facilities were classified as 'sub-standard' and 'doubtful', interest income on the additional finance should be recognised only on cash basis. If the restructured asset does not qualify for upgradation at the end of the above specified period, the additional finance shall be placed in the same asset classification category as the restructured debt.

11.3 INCOME RECOGNITION NORMS

Interest income in respect of restructured accounts classified as 'standard assets' will be recognized on accrual basis and that in respect of the accounts classified as 'non-performing assets' will be recognized on cash basis.

11.4 PROVISIONING NORMS

a) Provision on Restructured Advances

i. The Company shall hold provision against the restructured advances as per the extant provisioning norms

ii. Restructured accounts classified as standard advances will attract a higher provision (as prescribed from time to time) in the first two years from the date of restructuring. In cases of moratorium on payment of interest/principal after restructuring, such advances will attract the prescribed higher provision for the period covering moratorium and two years thereafter.

Yunus Social Business Fund Bengaluru Private Limited
103-106-107, Anjanapura Main Road, Avalahalli,
JP Nagar 9th Phase, Bengaluru – 560062 India
CIN: U65999KA2016PTC094207

iii. Restructured accounts classified as non-performing assets, when upgraded to standard category will attract a higher provision (as prescribed from time to time) in the first year from the date of upgradation.

iv. The above-mentioned higher provision on restructured standard advances shall be 5% per year in respect of new restructured standard accounts.

b) Provision for Diminution in the fair value of Restructured Advances

i. Rescheduling of the repayment of principal amount, as part of the restructuring, will result in diminution in the fair value of the advance. In this instance, YSBFB will make provisions for this by debit to Profit & Loss Account.

ii. The diminution in the fair value shall be re-computed on each balance sheet date till satisfactory completion of all repayment obligations and full repayment of the outstanding in the account, so as to capture the changes in the fair value on account of changes in the bare lending rate as applicable to the borrower. Consequently, The Company shall provide for the shortfall in provision or reverse the amount of excess provision held in the distinct account.

iii. In case of any difficulty to ensure computation of diminution in the fair value of advances, Company shall have the option of notionally computing the amount of diminution in the fair value and providing therefor, at five percent of the total exposure, in respect of all restructured accounts where the total dues to YSBFB is less than rupees one crore.

iv. The total provisions required against an account (normal provisions plus provisions in lieu of diminution in the fair value of the advance) are capped at 100% of the outstanding debt amount.

11.5 CONVERSION TO EQUITY

Yunus Social Business Fund Bengaluru Private Limited
103-106-107, Anjanapura Main Road, Avalahalli,
JP Nagar 9th Phase, Bengaluru – 560062 India
CIN: U65999KA2016PTC094207

Outstanding principal amount may be converted into debt or equity instruments as part of restructuring. Following are the Prudential Norms to be complied for Conversion of Principal into Debt/Equity

a) Asset Classification

i. Any portion of the outstanding principal amount converted into debt or equity instruments as part of a restructuring shall be classified in the same asset classification category as the restructured advance.

ii. Subsequent asset classification movements for these instruments will be determined based on the classification of the restructured advance.

b) Income Recognition

i. Standard Accounts: Income from restructured standard accounts will be recognized on an accrual basis.

ii. Non-Performing Accounts: Income from restructured non-performing accounts will be recognized only on a cash basis.

c) Valuation and Provisioning

i. These instruments will be held under "current investments" and valued according to standard valuation norms.

ii. Equity classified as a standard asset will be valued at either market value (if quoted) or break-up value (if not quoted, excluding revaluation reserves). If a recent balance sheet is unavailable, equity will be valued at ₹1.

iii. Equity instruments classified as non-performing assets will be valued at market value (if quoted) or ₹1 (if not quoted).

iv. Depreciation on these instruments cannot offset appreciation in other securities held under the "current investment" category.

11.6 MISCELLANEOUS

a) YSBFB may consider incorporating in the approved restructuring packages creditor's rights to accelerate repayment and the borrower's right to pre pay. In case of a missed payment in the new restructured schedule, YSBFB has a right to enforce additional security; increase in interest rate and default interest rate; mandatory pre-payment out of proceeds of equity raise or Borrower's excess cashflow.

b) All restructuring packages shall be implemented after approval from YSBFB's Investment Committee.

c) The Company shall be satisfied that the post restructuring repayment period is reasonable, and commensurate with the estimated cash flows and required DSCR;

d) YSBFB shall clearly document its own due diligence done in assessing cash position and debt service and viability of assumptions underlying the restructured repayment terms.

11.7 DISCLOSURES

YSBFB will disclose in their published annual Balance Sheets, under "Notes on Accounts", information relating to number and amount of advances restructured, and the amount of diminution in the fair value of the restructured advances undertaken during the financial year as per the format specified in the aforementioned RBI Master Direction.

12. REVIEW AND REVISION:

The Board of Directors of YSBFB shall review the policy annually and shall approve all necessary changes for adoption.

13. ADMINISTRATION & ADOPTION OF POLICY:

The Managing Director of the Company shall be responsible for the administration, interpretation, and application of this policy. The Managing Director of the Company also shall be empowered to bring about necessary changes to this Policy, if required at any stage with the concurrence of the Board. This policy and any changes made during the annual reviews shall be adopted by resolution of the Board of Directors.

14. DISCLOSURE ON THE WEBSITE:

The details of Credit & Restructuring policy shall be disclosed by the YSBFB in its website.