

RESCHEDULING POLICY

Version 3.0

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Objective:

Market situations / internal issues can occasionally diminish significantly, a micro enterprise borrower's earnings capability which may impact good intent customer repayment capabilities in foreseeing future Rescheduling Policy is aimed at realigning loan repayment on exception basis to changes/shift in business cash flows and hence bridge cash-flow mismatch.

Rescheduling of loan can be offered to select loan customers identified by Branch who are unable to maintain the running EMI but have typically demonstrated good intent to pay but re-payment have been irregular due to diminished ability to pay.

Reschedulement of a loan is pivoted on two key considerations:

- **The borrower** has demonstrated good intent to repay – e.g. Good repayment in previous loans, keeping to promise, prioritized repayment of our loan etc.
- **The business or a source of income** is expected to recover and stabilize in the future.

Key Features:

Criteria	Description
Eligibility	▪ An account will not be rescheduled subject to the below conditions: a. Within 6 months from disbursal date unless affected by abnormal circumstances*. b. More than once within first 12 months unless abnormal circumstances* *Such abnormal circumstances (death/disease/natural calamity/ family exigency etc.) exception to be signed off by designated authority as per deviation grid (Refer Annexure3)
Verification	▪ Field Credit team will visit customer's business premises and share the business assessment/validation to central credit team over email. The assessment will indicate the following (Refer Annexure 6) a. Cause of current stress b. Current cash-flow situation c. How current cash-flow situation is different from what was assessed? ▪ Branch Manager will give justification on email for customer's intent to pay in the revised schedule ▪ Recommendation will be given by RBH and ZBH in case of abnormal circumstances (Refer Annexure 3)
Tenor	Maximum tenor during reschedule of repayment will be within product limit defined in PPG. However, in exception cases tenor can be extended after due approval as per authority matrix. (Refer Annexure 3)
Pricing	Rate of interest rate shall be kept as per the previous loan. However, in exception cases price can be extended after due approval as per authority matrix. (Refer Annexure 3)
Documentation	▪ All new documents collected to be stored with the original file a. Letter of acceptance to be signed by the customer accepting the reschedulement (Refer annexure 1) b. Fresh PDC/ACH will be collected. (where it has not been activated yet)

	c. Request letter from customer for loan reschedulement d. Recommendation e mail from BM explaining reason for rescheduling and justification how reduced EMI will help customer to tide over cash flow GAP e. Rescheduling Visit Form & Inventory photos (wherever applicable) by field credit staff ▪ Revised sanction letter to be provided to branch by credit
Approval/Waivers	Refer to authority grid
Rescheduling Charges	Customer to pay 1% rescheduling charges at the time of reschedulement. This will be clubbed in rescheduled loan and will be netted off
Data-capture	System flagging to be done for such cases for separate tracking and monthly report to be published by credit Team. <u>This report will be shared with MD/ZBH/Head Collections/ Head ops/ Head Credit/ Head Finance. These cases will be separately tracked to check for future repayments</u>
Reschedule Loan Amount	▪ Pending overdues, EMI, charges, insurance amount premium on fresh insurance is to be clubbed with principle outstanding with customer consent. ▪ <u>No additional funds will be disbursed during Reschedulement period of the customer.</u>

Process:

S. No.	Steps	Responsibility
1	Branch to identify such customer and recommend to credit on exceptional basis affected by circumstances (as defined above) approval to be taken upfront before sending file/proposal to credit: Branch to raise a reschedulement request to credit-queries@ayefin.com: a. Request for rescheduling the specific loan along with the documentations b. Ticket to be raised on Ticket Management System c. BM recommendation in the prescribed format. BM to Justify and explain how revised EMI and tenure will help customer on mail. The mail should be marked to Head Credit/AVP Credit/RBH/SH (Refer Annexure 2) (to be sent to credit via email)	Primary – BM Secondary – Cashier/ACM/BCO
2	Document verification a. Existing loan details (Loan Amount, EMI, Tenure, ROI, OSP, charges, EMI due) to be checked on LMS b. Assessment of the case to adjudge applicability of the Rescheduling Policy. A re-scheduling letter (new format to be shared) to be generated by Credit (scan shared with the branch) detailing the following: a. Confirmation of the re-scheduling b. Revised EMI c. Tentative starting date of revised EMI d. Special conditions if any Note: Re-scheduling letter to be only valid until the next billing date (currently 7th of every month) All cases presented (with all essential documents) for reschedule on or before 23rd will be decisioned in the current month by credit.	Credit
3	Scanned copy of re-scheduling letter to be printed at Branch and duly signed by the applicant.	Branch

	a. In case, the applicant is absconding or unavailable, one of the co-applicants can sign the re-scheduling letter. b. The acceptance of the re-scheduling by the customer to be intimated to the Credit team via an email on the credit-queries@ayefin.com by EOD to initiate the rescheduling on LMS. (Before 25th of the month) Branch to dispatch the following documents to the Operations at the earliest. a. Original copy of customer-signed re-scheduling letter b. Customer signed copy of Insurance form for the increased tenor c. In case the customer does not have an activated ACH, Branch must collect 2 PDCs for the new EMI amount and 2 customer-signed blank ACH mandate. The blank ACH would be filled by the Operations team at HO.	
4	Initiate the Rescheduling process on LMS a. Calculate the Reschedule Loan amount (Refer Annexure 5) b. Effect the rescheduling on LMS system (Refer Annexure 5) Total Reschedule Loan amount becomes the new Principal with tenure increased basis the branch request / product limits. ROI remains same.	Credit
5	Re-scheduling letter, along with documents mentioned in Step 2 and 3 to be appended in the physical file of the customer.	Operations

Program Review:

It is essential that the Rescheduled Loans are reviewed periodically to assess if their repayment behavior is as desired. The success of rescheduling policy will be reviewed basis overall success rate of rescheduled customers. Reschedule policy will be termed as successful, if after rescheduling 50% of the customers pay EMI as per revised repayment schedule. The following reports and reviews are done periodically as stated below:

S. No	Type of report	Frequency	Process Owner
1	Repayment behavior Post rescheduling	Half Yearly	Strategy/Credit
2	Zone/Branch wise rescheduling analysis	Half Yearly	Credit
3	Rescheduling Visit Form/deviation Analysis	Yearly	Credit

Reschedule regulatory Guidelines:

- Provisioning against each rescheduled loan will be as per RBI guidelines / Aye Provision policy and account will be marked as rescheduled in the system.
- Asset classification of the rescheduled customers will be in line with RBI guidelines and standard case will move to NPA and asset classification will be sub standard while NPA asset classification will remain as per original classification.
- Rescheduled account will be treated as standard account after successful service of 12 EMIs as per revised repayment schedule and provision should be reversed.

Annexures:

Annexure 1 :**AYE [आय]****APPLICATION FOR RESCHEDULEMENT OF LOAN**

To,
The Manager
Branch :
Aye Finance.

Date: __/__/__.

Sub :- Loan A/c no _____ in the name of _____
Nature of Loan

- ☐ HL ☐ QML ☐ ML
☐ Others, please specify _____

Dear Sir,

1. I wish to make a part pre-payment of Rs. _____/- and reschedule the captioned Loan by (tick one option)
 - a. Reducing monthly installment (EMI) to around Rs
 - b. Limit the remaining duration (tenure) to Months
2. The Reason for the requested reschedulement of the loan is :
.....
3. My Current Address is given below and this should be used as my correspondence address for all future communications pertaining to captioned loan :

Mobile Number : _____ Telephone No : _____ Email : _____
4. You may add our names to the rescheduled loan and we shall provide the necessary loan application and documents for the rescheduled loan (In case new co applicants are being added).
5. I/We agree that :
 - a. Aye Finance at its sole discretion may acceptance or modify my/our request for reschedulement of loan.
 - b. If the reschedulement is accepted by Aye Finance, I shall be provided a written confirmation with calculation of revised EMI/tenure and other terms within due course of time at the address mentioned above.
 - c. The part pre-payment may be used to repay the bounce/late payment charges and further be used to repay billed and unpaid interest and the remaining amount would be used for reduction of the loan principal.
 - d. The reschedulement if accepted would require me to pay the reschedulement fees. The same has been explained to me. This fee shall be recovered in the rescheduled EMI.
 - e. This request for reschedulement of loan will form the part of the loan agreement executed by me/us and I/we will be bound by the terms of the rescheduled loan

(Name and Signature of Customer) Applicant and co applicant

Acknowledgement by Branch:

Name of BM :

Employee Code :

Signature:

Date:

For Office Use Only

Note:

1. Bank statement for 6 months, if change in bank account
2. Fresh address proof if address has changed

Annexure 2:

Email from BM should contain below mentioned details

Name of customer	
Branch	
Loan Amount that was disbursed	
Disbursement date	
Tenure	
Outstanding Loan Amount (Principal+ unpaid interest)	
Requested EMI	
Requested Tenure	
Reason of Reschedulement	
Confirm that customer is not willful defaulter^	
The customer is not having any default in any other running loan	

^ Willful defaulter: Customer who has not met repayment obligations despite having the capacity to do so.

Annexure 3:
Authority Matrix

Deviations	ZBH	ZCH	Credit Head	MD
Loan Schedule withing 6 months from origination	Y	N	Y	Y
Waiver of Rescheduling charges	Y	N	Y	Y
Extension of term beyond product limit	N	Y	Y	Y
Change in Rate of Interest	Y	N	Y	Y
Applicant/Co-applicant Change	N	Y	Y	Y
Other	N	N	Y	Y

Annexure 4:
Escalation matrix

All cases not decisioned within the same month to be escalated to RCH/ZCH/CH

Annexure 5:

How to calculate the Reschedule Loan amount

S. No.	Item	Calculation
1.	Balance Principal (Unbilled Principal)	As per LMS
2.	Billed Principal	As per LMS
3.	Billed Interest	As per LMS
4.	Bouncing Charges	As per LMS
5.	LPI / Late Payment Charge / Late Fee or any other charge of another name but same nature	As per LMS
6.	Principal Receivable	As per LMS
7.	Interest on Receivable	As per LMS
8.	Restructuring Charges (Incl. of GST)	To be calculated: 1% of sum of (1:7) + Applicable GST
9.	Insurance*	To be calculated: Based on Total Rescheduled Loan Amount (Rounded up to the nearest thousand).
Note: Total Rescheduled Loan Amount		sum of (1:9)

Annexure 6:**AYE [आय]**

Below is the rescheduling Visit form which needs to be filled and share by Field Credit Team during their customer Visit

Rescheduling Visit	
Application ID:	
Met with: (Name)	
Relation with applicant:	
Whether the person is on our loan structure	a. Applicant b. Co-applicant c. No
Reason of rescheduling	a. Business Loss b. Business Shutdown c. Absconding
Remarks (Detailed)	
Change in business address	Yes (then write new address) No
Contact Number:	
Current Industry & Business:	
Requested EMI:	
What is the level of estimated inventory in the shop? (As Observed in the Shop)	Rs
ACM/BCO's Assessment on inventory levels:	Well stocked / Medium / Low level of stock /Shop closed (tick whichever is applicable)
Receivables	Rs
Total current Obligations of the customer	Rs
Monthly Sales as confirmed by customer (Tentative)	
Any other observation:	
Name of ACM/BCO:	Signature of ACM/BCO:
Date:	Signature of Customer:
Note: Scanned/photographed copy of this form & inventory photograph to be attached in the mail	