



HOMESHREE HOUSING FINANCE LIMITED

Policy on Restructuring of Stressed Assets-Resolution Framework 2.0

Summary of Policy

Policy Name	Policy on Restructuring of Stressed Assets-Resolution Framework 2.0
Issue and Effective date	31/05/2021
Date of last review	-
Date of current review	-
Date of next review	-
Periodicity of review	As and When required
Owner / Contact	Compliance Department, Credit Department
Approver	Board of Directors
Annexures	1 (Application Form)



POLICY ON RESTRUCTURING OF STRESSED ASSETS- RESOLUTION FRAMEWORK-2.0

1. Background

Due to resurgence of the Covid-19 Wave 2 pandemic in India and resulting uncertainties, most of the states witnessed lockdown from the starting of April, 2021 till the end of May 2021. After considering the resurgence of the Covid-19, RBI has provided a framework to the lending institutions for implementation of resolution plans for addressing the economic fallout due to the COVID-19 Wave 2 pandemic which has led to significant financial stress for customers. Basis the framework and regulatory guidelines, the Company has framed its policy for the restructuring of the existing loan/s that have been impacted due to the COVID-19 Wave 2 pandemic without a downgrade in the asset classification.

On May 05, 2021, the Reserve Bank of India (“RBI”) vide its circular (Ref. No.: RBI/2021-22/31, DOR. STR.REC. 11/21.04.048/2021-22) released guidelines for lending institutions to permit offer a limited window to individual borrowers and small businesses to implement resolution plans in respect of their credit exposures while classifying the same as Standard upon implementation of the resolution plan.

In light of the above development in Indian scenario, where we are witnessing lockdown across the country on account of resurgence of the Covid-19 Wave 2 crisis. Homeshree Housing Finance Limited (“HHFL” or “the Company”) has assessed the situation and the likely impact on its collection/recovery.

Considering the above, with the intent to facilitate revival of livelihood activities and mitigate the impact on the ultimate borrowers, it has been decided to provide a window to restructure the loan of existing eligible clients under the Resolution Framework 2.0

2. Objectives

The objective of this policy is to offer resolution framework for customers who have been adversely affected by the COVID – 19 Wave-2 pandemic.

3. Terms and Definitions

For the purposes of this policy, the below terms shall have the meaning as provided hereinunder:

Term	Definition
Date of Invocation	“Date of Invocation” shall be the date on which both the borrower and lending institution have agreed to proceed with a resolution plan under this framework.
Date of Implementation	“Date of Implementation” shall not be later than 90 days from the date of invocation.

Eligible Borrower	For resolution plan under this Policy, eligible borrower shall mean the Borrower: <ul style="list-style-type: none"> • whose account is having stress due to Covid-19 and in respect of whom the Company is willing to consider the resolution under this Policy; • whose account was classified as standard with the lending institution as on March 31, 2021; • who had not availed any resolution in terms of the Resolution Framework-1.0 issued by RBI; • which are not classified as MSME in terms of RBI guidelines.
Non-Eligible Borrower	Credit facilities provided by lending institutions to their own personnel/staff shall not be eligible for resolution under this framework.
NPA	Non-performing Asset as may be classified by the Company from time to time as per the guidelines/ directions of RBI/NHB.
Personal Loans	<p>“Personal Loan” refers to loans given to individuals and consist of (a) consumer credit, (b) education loan, (c) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), and (d) loans given for investment in financial assets (shares, debentures, etc.).</p> <p>Consumer credit refers to the loans given to individuals, which consists of (a) loans for consumer durables, (b) credit card receivables, (c) auto loans (other than loans for commercial use), (d) personal loans secured by gold, gold jewellery, immovable property, fixed deposits (including FCNR(B)), shares and bonds, etc., (other than for business / commercial purposes), (e) personal loans to professionals (excluding loans for business purposes), and (f) loans given for other consumptions purposes (e.g., social ceremonies, etc.).</p>
Standard Assets	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.

4. Timelines for resolution

The resolution plan for the Eligible Borrower account under this Policy shall be invoked latest by September 30, 2021 and will be implemented within 90 (Ninety) days from the Date of Invocation.

5. Eligibility for Resolution under this Policy

The Company shall take into consideration only the Eligible Borrowers for the purpose of considering and implementing the resolution plans. However, it is necessary that the Eligible Borrower’s account is classified as Standard Asset as on the Date of Invocation (i.e., moratorium period if granted under the dispensation of RBI’s Covid-19 Regulatory Framework, shall not be counted as a period of default).

Keeping in view the RBI guidelines issued from time to time, the Board of Directors of the Company will consider and provide suitable resolution/restructuring plans for the Eligible Borrowers, provided the same shall not exceed a total moratorium period of two years from

the date of original maturity of the personal loans/credit facility.

6. Eligibility-Loans Resolved Previously

In cases of loans of borrowers where resolution plans had been implemented in terms of the previous policy implemented and executed in terms of RBI Notification RBI/2020-21/16 DOR. No. BP.BC/ 3 / 21.04.048/2020-21 dated 06-08-2020 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, Company will consider to modify such plans only to the extent of increasing the period of moratorium / extension of residual tenor subject to the caps of two years, and the consequent changes necessary in the terms of the loan for implementing such extension. However, the overall caps on moratorium and / or extension of residual tenor granted previously and this framework combined, shall be two years.

7. Resolution Plan

The resolution plans may inter alia include rescheduling of payments, conversion of any interest accrued, or to be accrued, into another credit facility, 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.

However, no Compromise settlements are permitted as a resolution plan for this purpose.

Options: As per RBI Guidelines, following options or any mix thereof are offered to the Eligible Borrowers:

Option 1 – Extension of the residual tenor of the loan facilities up to two (2) years also be granted to borrowers, with or without payment moratorium; or

Option 2 – “Interest only” repayment option to the customer for 12 to 24 months giving relief on EMI amount; or

Option 3 – Charging partial EMI to the customer for 6/ 12/ 24 months and adding up balance payable to come up with revised amortization schedule post 6/ 12/ 24 months; or

Option 4 – Extension of moratorium by 1 – 24 months as allowed under the RBI’s framework; or

Option 5- Extension of moratorium/ residual tenor of the loan facilities by such period so that the overall tenure should not exceed two (2) years. *(Applicable only for the borrowers mentioned in Section 6 above)*

8. Process

The Eligible Borrowers’ accounts should continue to be classified as “Standard” till the date of invocation of resolution under this framework.

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. However, the lending institutions should strive for early invocation.

The borrowers who wish to avail the loan restructuring facility can visit our nearest branch and submit an application in the prescribed format along with the copy of the documents mentioned therein. The borrowers can also submit the applications along with the

prescribed documents to sales@homeshree.com; credit@homeshree.com. [Please refer Annexure I for loan restructuring application.

9. Implementation of Resolution

A restructuring of loan would be treated as implemented upon fulfilment of all the following conditions:

1. All related documentation, including execution of necessary agreement(s), if any, between Lender and Eligible Borrower are completed;
2. The new loan amount and/ changes in the terms and conditions of the existing loan account get duly reflected in the books of accounts of the Lender
3. The Eligible Borrower is not in default with the Lender as per the revised terms and conditions.

10. Due Diligence Process

The Company on receipt of a written request application/email from the Eligible Borrower, shall evaluate the proposal for restructuring of the loan account(s) including evaluation of necessary documents.

On due evaluation of the request submitted by the Eligible Borrower, the concerned team of the Lender shall execute with the Eligible Borrower necessary amendment agreement or other necessary documents in order to record the revised terms and implement viable resolution plan(s), as provided in Section 9 above for **Implementation of Resolution**.

11. Asset Classification and Provisioning

Additional finance to borrowers: Additional finance to borrowers if sanctioned before implementation of the plan to meet the interim liquidity requirement may be classified as 'standard asset' till implementation of the plan, regardless of performance of the borrower with respect to such facilities in the interim. In case resolution plan is not implemented within stipulated timelines, additional finance sanctioned will be classified as per actual performance of the borrower.

Reclassification of Assets: As on date of implementation of plan, Assets those slipped in to NPA between invocation and implementation may be upgraded as Standard, when a resolution plan is implemented under this facility.

Provisioning: Higher of provisioning under Income Recognition norms or 10% of the renegotiated Debt exposure of the lending institution post implementation (residual debt). Residual debt, for this purpose, will also include the portion of non-fund based facilities that may have devolved into fund based facilities after the date of implementation.

Half of the above provisions shall be written back upon the borrower paying at least 20 per cent of the residual debt without slipping into NPA post implementation of the plan, and the remaining half shall be written back upon the borrower paying another 10 per cent of the residual debt without slipping into NPA subsequently.

The provisions required to be maintained, to the extent not already reversed, shall be available for the provisioning requirements when any of the accounts, where a resolution plan had been implemented, is subsequently classified as NPA.

12. Prudential Norms

Disclosure in the Financial Statement: The Company shall make appropriate disclosures about the restructured accounts in terms of this Policy in its annual financial statements under the “Notes to Accounts”

Credit Reporting by the Company: The borrower whose accounts are restructured under this framework shall reflect the 'restructured due to Covid-19' status of the account. 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.

13. Miscellaneous

Display on Website: The Board approved Policy on Restructuring of Stressed Assets-Resolution Framework 2.0 will be hosted on the Company's website for our customer's information and benefit.

Effective date: This Policy shall be effective from the date of approval of this Policy by the Board.

Review of Policy: The Policy shall be reviewed as and when required by the applicable rules and regulations.

While Policy outlines the broad internal guidance that the Company will follow to take decisions regarding this restructuring of stressed assets/loan, the Company retains the discretion to take decisions regarding this Policy depending on case specific issues or nuances. The Company reserves the right to amend the Policy within the framework of RBI guidelines/ NHB Circulars or Directions in this regard.

APPLICATION FOR LOAN RESTRUCTURING

1. Name of Applicant(s) : _____

2. PAN of Applicant(s) : _____

3. Loan Account Number : _____
for Restructuring

4. Registered Mobile : _____
Number

5. Registered Email ID : _____

6. Reason for Income : _____
Disruption

7. Plan for Repayment of : _____
Loan

Declaration : I/We hereby certify that all information furnished by me/us is true, correct and complete to the best of my/our knowledge and belief. I/We shall furnish all other information that may be required by Company in connection with my/our application. The information may also be exchanged by you with any agency you may deem fit. You, your representatives or any other agency as authorised by you, may at any time, inspect/ verify my/our assets, books of accounts etc. in my/our factory/business premises. You may take appropriate safeguards/action for recovery of Homeshree Housing Finance Limited's dues.

Signature : _____

Name : _____

Date : _____

Place : _____

You are required to submit the application form along with below documents giving details about the current status of your employment or business along with self-attested photocopy of your KYC document (PAN, Aadhaar, Ration card etc.) with the form.

Salaried	Self Employed
<ul style="list-style-type: none">• Up-to-date salary slips from March 2021• Up-to-date bank account statement from March 2021 for the account in which salary is credited	<ul style="list-style-type: none">• Bank account statement for previous 12 months• ITR/Balance Sheet and P&L Account, if available• Any other Income documents

Acknowledgement

Please Note that:

1. This is only an acknowledgement for having received the application and this should not be construed as an indication of our acceptance of the proposal, a decision on which will be taken only after due consideration of the proposal on its merit and / or on fulfilment of conditions if any, that may be stipulated by the Company.
2. The application will be taken up for consideration only after all the particulars / data / documents as may be required are received by the Company.
3. The application will be disposed of within 15 days from the date of receipt of all the details /papers/documents /clarifications sought by the Company.
4. In case the proposal is rejected/not considered the reasons for the same will be intimated to the applicant.

Loan Account Number: _____

Application Received

Signature & Stamp

Homeshree Housing Finance Limited