



POLICY ON RESTRUCTURING OF STRESSED ASSETS

1. Background

HomesHree Housing Finance Limited (hereinafter referred to as “the Company” or “HFC” or “Lender”) is a Public Limited Company incorporated under the provisions of the Companies Act, 1956 and registered as a non-deposit accepting Housing Finance Company (“HFC”) with the National Housing Bank (“NHB”).

The Reserve Bank of India vide its Circular No. DOR. No. BP. BC/3/21.04.048/2020-21 dated August 6, 2020 has provided for implementation of resolution framework for the economic fallout on account of the Covid-19 pandemic. Such economic fallout has led to significant financial stress for borrowers across the board.

This resolution framework permits the lending institutions to re-assess the repayment capabilities of their borrowers, and provide rescheduled terms to such existing loans which fall within the eligibility criteria of the Circular and approved lender policies.

2. Objectives

The objective of this policy is to offer resolution framework for customers who have been adversely affected by the COVID – 19 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, whose: <ul style="list-style-type: none">• account is having stress due to Covid-19 and in respect of whom the Company is willing to consider the resolution under this Policy;• account was classified as standard, but not in default for more than 30 days with the lending institution as on March 1, 2020;

Non-Eligible Borrower	Credit facilities provided by lending institutions to their own personnel/staff shall not be eligible for resolution under this framework.
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 December 31, 2020 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 Covid19 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. 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.

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

Option 1 – Extension of loan tenor by 2 years giving EMI amount relief to the customer for 24 months; 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.

7. 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 December 31, 2020 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].

8. 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.

9. 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 8 above for **Implementation of Resolution**.

10. 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).

Additional Provisions for “Covid19 Regulatory Package - Asset Classification and Provisioning (Circular dated April 17, 2020)” to the extent not already reversed, may be utilized for meeting the provision requirements in all cases under this facility.

11. 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” and in **half yearly financial statements** (as on September 30, 2021 and March 31, 2022), wherever applicable till all exposures on which resolution plan was implemented are either fully extinguished or completely slips into NPA, whichever is earlier.

Credit Reporting by the Company: The restructuring of loan granted to the Eligible Borrowers under this Policy will be treated as new restructured loan account and the credit history of the Eligible Borrowers shall consequently be governed by the respective policies of the credit information companies as applicable to accounts that are restructured.

12. Miscellaneous

Display on Website: The Board approved Policy on Restructuring of Stressed Assets 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 2020• Up-to-date bank account statement from March 2020 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