

**Grihum Housing Finance Limited
(Formerly, Poonawalla Housing
Finance Limited)**

ONE TIME RESTRUCTURING POLICY

Effective Date: 06.10.2020

Approval Date: 06.10.2020

Version No. : 1.0

Approved By: Board of Directors

Policy Owner: Business Team

This document is confidential in nature and should be read in conjunction with the most recent RBI Directives & Guidelines.

Subject: One Time Restructuring Policy	Original Issue Date: 06.10.2020	Effective Date: 06.10.2020
	Revision Dates: As and when required	Policy No.: 1.0

Base Document	:	Reserve Bank of India circular no. RBI/ 2020-21/ 16/ DOR. No. BP. BC/ 3/ 21.04.048/ 2020-21 dated August 6, 2020
Initial Document Prepared by	:	Mr. Achuta Rama Murthy Sombhatla
Functional aspects checked by	:	Ms. Anjana Kaura, Mr. Ravi Gupta, Mr. Jaideep Sharma, Mr. Vishwas Shrungarpure and Mr. Prakash G M
Governing Guideline/Policy	:	Reserve Bank of India circular no. RBI/ 2020-21/ 16/ DOR. No. BP. BC/ 3/ 21.04.048/ 2020-21 dated August 6, 2020
Legal aspects checked by	:	Mr. Amit Pralhad Dhatavkar, Mr. Jaideep Sharma

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One Time Restructuring Policy

Objective:

To support our existing customers who have undergone financial stress due to Covid-19 pandemic through framework of restructuring in the best interests of both customer and the organization.

Regulatory Criteria

- Reserve Bank of India had issued circular. RBI/ 2020-21/ 16/ DOR. No. BP. BC/ 3/ 21.04.048/ 2020-21 dated August 6, 2020
- This Policy shall not cover the following:
 - MSMEs with aggregate exposure to lending institutions collectively of Rs. 25 crores or less as on March 1, 2020, farm credit, agriculture credit societies and government bodies.
 - Such exposures of the Company where re-schedulment has been undertaken in terms of para 2(1)(zc)(ii) of Master Circular – The Housing Finance Companies (NHB) Directions, 2010 after March 1, 2020, unless the resolution plan has been invoked by other lending institutions.
 - Credit facilities provided by Grihum to its own personnel/ staff.
- This Policy shall cover the following category of customers:
 - Personal loans given to individuals, i.e. covering the following:
 - Personal loans secured by immovable property (other than for business or commercial purposes)
 - Personal loans given to professionals (excluding for business purposes)
 - Loans given for creation/ enhancement of immovable assets
- Account should be standard asset up to 30 Days Past Due (SMA0 classification) as on 1st March, 2020 with any lending institutions and account should continue to remain standard till the date of invocation.
- No prior restructuring has been undertaken.
- Restructuring under this Policy should be invoked on or before December 31, 2020 and the time limit for implementation of restructuring package is till March 31, 2021.

Parameters :

- Product – Individual LAP (for purposes other than business and commercial use) & Individual Housing Loans – On Book
- Profiles – Self Employed & Salaried
- Overall DBR <=65%
- Approval Authority – RCM Onwards

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Exclusions:

Following will not be eligible for restructuring:-

- Standard exclusions as mentioned in Regulatory Criteria above
- Borrowers whose contract were restructured under RBI Scheme in its past tenure
- Borrowers who has gone legal against Grihum

Loan Documentation:

- Sanction letter
- Addendum of Loan Agreement

Credit Parameters:

1. Physical PD/Tele PD to be done by the credit to assess the revised income eligibility.
 - ❖ Reason of stress to be explained by customer. Restructuring to be done only if the stress is due to impact of COVID on business
 - ❖ Existence of business and future revival plan.
 - ❖ Revised ability to pay (basis customer plan)
 - ❖ Willingness to pay.
 - ❖ Resolution Plan should be based upon customer’s cash flow projections supported by detailed discussions on business revival plan.
2. Revised comfortable EMI from customer be checked and to be documented.
3. Assessment approach on moratorium and tenor extension:
 - a) Business reopened and has reached normal level.
 - b) Business reopened and operational as on date but got affected with reduced business levels.
 - c) Business still not re-opened. Credit to discuss on probable business opening date.
4. Fresh moratorium extension will be as per regulatory guidelines.
5. Extension on final tenor will be an output after considering fresh moratorium offered. The overall loan tenor post restructuring cannot exceed by more than 2 years.

Tracking:

1. A new loan to be booked with separate scheme code.
2. Regular monitoring of all such restructured accounts to be done on monthly basis.

Example : Broad contours of restructuring:

1. EMI relaxation upto 80% for 6-12 month (restructured period)
2. Re-draw amort with original EMI post completion of restructured period
3. Increase in tenure max by 24 months post restructured period

If the Borrower is currently paying Rs. 10,000 EMI and he cannot afford to pay that much EMI, EMI can be reduced by 20% to 80% depending on his residual tenure. Borrower will have to pay lower revised EMI for one year, thereafter, borrower has to pay his original EMI. Maximum increase can be by Two years.

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Provisioning & Accounting Guidelines

The provisioning due to restructuring loans will be governed by the following regulatory norms and Ind-AS requirements post rehabilitation:-

ECL provision is made at higher of IRAC and ECL requirement:

IRAC requirement

- Provision @ 10.4% for first year
- Asset continues to be treated as standard
- If a Sahyog case is at 90+ at any time during a period of 1 year from restructuring, minimum provision @ 10.4% would be required till closure of proposal and would not be released at the end of 1 year

ECL requirement

- ECL allowance as per relevant stage of restructured proposal as below.
- Provision should be minimum of regulatory or stage based provision
- From 2nd year, normal ECL process would be followed for cases other than cases where 10.4% provision is required under IRAC for life time as mentioned above

Additional Provision release

- 50% provision reversal once 20% of the residual debt is paid without the account slipping into NPA, and
- balance 50% after additional 10% of residual amount is paid without the account slipping into NPA

Staging of Restructured cases

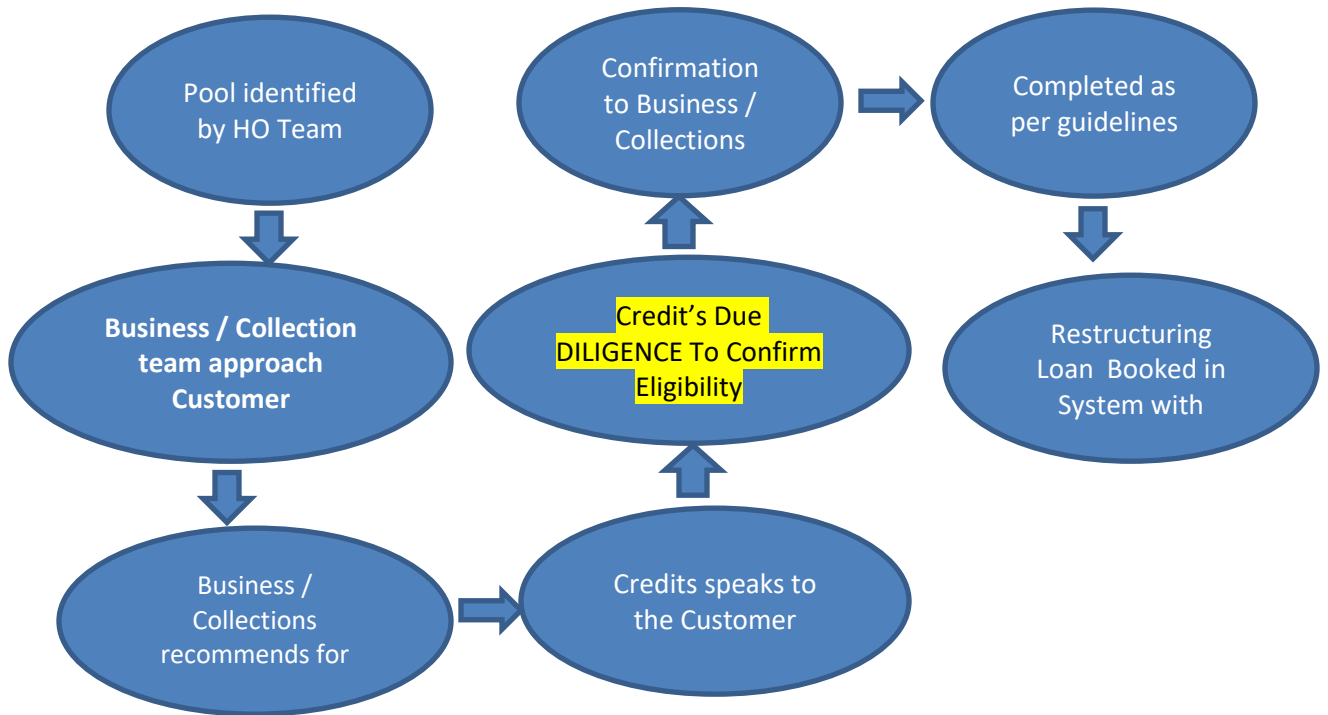
- Cases in stage 1 (0-30) prior to restructuring would be treated as stage 2 (31-60) or staging as per bucketing of new proposal whichever is higher. This is to meet IndAS requirement of Significant Increase in Credit Risk (SICR).
- Cases in stage 2 (30+) prior to restructuring would be treated as stage 2 (61-90).

2. Unamortized Modification gain/loss on restructured cases is recognized and added to ODPOS of cases to calculate EAD.

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Process Flow

A general process for Restructuring Program is depicted in the following flow chart



Change Control Record

Version No.	Change Request by	Memorandum of Change	Approval date