



**ART HOUSING FINANCE (INDIA) LTD**

**DEPARTMENT NAME: POLICY & RISK**

**STANDARD OPERATING PROCEDURES/ MANUAL/ PROCESS NOTES/ POLICY**

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**Version: AHF/ FY-2021-22/ MAY/PRODUCT AND POLICY/ RESTRUCTURING OF LOANS - CORONA VIRUS PANDEMIC  
- RBI RELIEF/ VERSION: May 2021**

**Effective Date: 28/MAY/2021**

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**Preamble:** Coronavirus disease ('COVID-19') is an aggressively infectious disease. The virus is stated to have high contamination rate and surface-survival rate thus is able to transmit rapidly with ease. World Health Organization (WHO) declared the fatal disease as a Public Health Emergency of International Concern (PHEIC) on 30<sup>th</sup> Jan 2020 while it was declared a Pandemic on 11<sup>th</sup> Mar 2020. The Pandemic already has infected millions of people worldwide with many people have died as well.

Owing to the nature of the disease, Governments across the world, had issued full or partial lockdowns allowing only the essential services to continue. Governments have made strict regulations for people to stay at home. Owing to above and due to growing expenses to combat the pandemic while providing survival support of the lockdown to citizens, the economy of household in unit and of the country on aggregate is suffering. The pandemic has severely impacted the world economy which is greatly inter-dependent between various countries and regional-unions/co-operations of the world. There is unprecedented economic distress amid projections of economic recession in the world. Governments have earlier announced wide and variety of relief measure to help and assist people as some sort of relief to the people. Addressing the situation, the Government of India announced a slew of economic and financial measures on 26<sup>th</sup> Mar 2020 and thereafter.

1. On 27<sup>th</sup> Mar 2020, the Reserve Bank of India (RBI) released various directives on monetary policy and suggestions to financial institutions to tackle the current situation vide circular no-RBI/2019-20/186. The measures announced included, but not limited to, the relief on loan repayment through a repayment moratorium. All commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies and micro-finance institutions) ("lending institutions") are being permitted to allow a moratorium of three months on payment of instalments in respect of all term loans outstanding as on 1<sup>st</sup> Mar 2020. The repayment schedule and all subsequent due dates, as also the tenor for such loans, may be shifted across the board by 3 months.
2. On 17<sup>th</sup> Apr 2020 RBI announced a slew of clarification directives as second round of Regulatory Relief Package on fight against Covid-19. The RBI Circular RBI/2019-20/220 COVID19 Regulatory Package - Asset Classification & Provisioning provides clarification on asset classification on earlier communication of 27<sup>th</sup> Mar 2020 based on the clarification issued by the Basel Committee on Banking Supervision.
3. RBI extended the Loan Moratorium till 31<sup>st</sup> Aug 2020 vide circular no. RBI/2019-20/244 on 23<sup>rd</sup> May 2020.
4. On 06<sup>th</sup> Aug 2020, RBI announced that there will be no extension of moratorium however a one-time loan restructuring is allowed by the lenders vide RBI Circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21
5. In view of the uncertainties created by the resurgence of the second wave of Covid-19 pandemic in India in the recent weeks, it has been decided to extend the above facility for restructuring existing loans without a downgrade in the asset classification on 05<sup>th</sup> May 2021 vide RBI Circular RBI/2021-22/31 DOR.No.STR.REC.11/21.04.048/2021-22.

**Objective:** The document here aims to enlist the action plan allowed by RBI and AHF's action plan to assist the customers in the universal fight against the Covid-19 pandemic in view of the latest announcement by RBI and support the customer repayment behaviour.

**Highlights of the RBI Announcement on 05<sup>th</sup> May 2021 and as applicable to AHF**

1. HFCs are allowed/ permitted to provide one-time restructuring option to all Individual.
2. The HFCs need to have a Company Board approved policy in place for the above scheme.
3. The scheme is on the sole discretion of the HFC on the eligible loan accounts.
4. Aggregate exposure, including non-fund based facilities of all lending institution should not exceed Rs. 25 crores as on 31<sup>st</sup> Mar 2021.
5. The borrower's account should not have been restructured in terms of the circulars DOR.No.BP.BC/4/21.04.048/2020-21 dated 6<sup>th</sup> Aug 2020; DOR.No.BP.BC.34/21.04.048/2019-20 dated 11<sup>th</sup> Feb 2020; or DBR.No.BP.BC.18/21.04.048/2018-19 dated 1<sup>st</sup> Jan 2019.
6. The Total Outstanding as on the invocation date shall be eligible for restructuring.
7. The scheme is to be allowed by HFC only to those borrowers who seek such restructuring and whose loan account meets the criteria as specified.
8. There is an impact on the income levels of the borrowers or there is any stress on the cash flows, which makes the loan repayment difficult for the borrower in such times of pandemic; such as salary cut, no salary, job loss and business cash flow stress etc.
9. All loans where such restructuring is allowed/ permitted must not be > 30 DPD as on 29<sup>th</sup> Feb 2020 and also classified as Standard Asset as on 31<sup>st</sup> Mar 2021.

10. Such restructuring is allowed in the following ways.

- a) Deferment/ Moratorium of EMI- Deferment/ moratorium on the EMIs/ partial EMIs can be provided by the HFC in such a way that the extended period is not more than 24 months in addition to the balance tenure of the loan as on the date of invocation or 30<sup>th</sup> Sep 2021 whichever is earlier.
- b) EMI - The EMI can be reduced by extending the balance tenure of the loan as on the date of invocation or 30<sup>th</sup> Sep 2021 whichever is earlier by a maximum of 2 years (24 months) only.
- c) Loan Amount - An increment in loan amount is allowed for the conversion of interest accrued/ overdue installments (equivalent to 24 month) or to be accrued into another credit facility to provide for EMIs for a specific period and thus tenure can be increased.
- d) Tenure - The remaining tenure of the loans as on the date of invocation or 30<sup>th</sup> Sep 2021 whichever is later can be extended by a maximum tenure of 2 years (i.e. 24 months) only towards providing for point b) or c) or both.

11. The invocation of the same on loans must be done maximum by 30<sup>th</sup> Sep 2021.

12. The implementation of resolution plan must be implemented maximum within 90 days from the date of invocation.

13. The existing terms and conditions of the loan shall apply depending on this policy adopted by the HFC post approval of the board.

14. In case of deferment/ moratorium on payments is allowed by HFCs then HFCs shall have the option to continue to Interest accrual on the outstanding portion of the term loans during the moratorium period and the same shall be payable thereon.

15. Any such Restructuring shall not make the loan sub-standard and will have no impact on the credit history of the borrower however the loans will be marked as 'Restructured' in the credit bureau reporting.

## **AHF Policy**

1. AHF shall provide One Time Restructuring (reschedulement) option to all 'eligible' Individual loans on its sole discretion.
2. All loans shall be covered except that are under the proceedings of DRT, SARFAESI, Insolvency, National Company Law Tribunal (NCLT), Insolvency and Bankruptcy Code (IBC), Fraud, Written-off, NPA, > 30 DPD as on 29 Feb-2020 and also classified as NPA as on 31<sup>st</sup> Mar 2021 or any combination thereof.
3. Resolution under this facility is provided only to the borrowers having stress on account of Covid 19 as assessed by AHF.
4. Eligibility criteria on cash flow stress. There is reasonable impact on the income of the borrowers or there is any stress on the cash flows; which makes the loan repayment difficult for the borrower in such times of pandemic; such as salary cut, no salary, job loss and business cash flow stress etc. as ascertained by AHF.
5. AHF shall look into eligibility of borrower/applicant as per RBI circular dated 05<sup>th</sup> May 2021, along with all referred circulars and lay down due diligence considerations to establish the necessity of implementing a resolution plan in respect of the concerned borrower/applicant. Thereafter, the same shall be allowed.
6. The scheme shall be allowed only to those borrowers who seek such restructuring in writing / e-mail from his / her registered e-mail ID. and whose loan account meets the specified criteria.
7. Total Outstanding as on the invocation date shall be eligible for restructuring.

8. Such restructuring is allowed in the following ways only

- i. Deferment/ Moratorium – A deferment/ moratorium on the EMIs / partial EMIs can be provided by the HFC in such a way that the extended period is not more than 24 months in addition to the balance tenure of the loan as on the date of invocation or 30<sup>th</sup> Sep 2021 whichever is earlier.
- ii. EMI – The EMI can be reduced by extending the balance tenure of the loan as on the date of invocation or 30<sup>th</sup> Sep 2021 whichever is earlier by a maximum of 2 years (24 months) only.
- iii. Loan Amount – An increment in loan amount is allowed for the conversion of interest accrued/ outstanding installment (equivalent to 24 month) or to be accrued into another credit facility to provide for EMIs for a specific period and thus tenure can be increased.
- iv. Tenure – The remaining tenure of the loans as on the date of invocation or 30<sup>th</sup> Sep 2021 which ever is later can be extended by a maximum tenure of 2 years (i.e. 24 months) only towards providing for point b) or c) or both.
- v. Points 9, 19, 20, 23 and 24 in the AHF Reschedulement of Loan Policy shall be over-ruled by this policy only for this one time till any further notification/ change given under the 30 DPD exception.

9. Exclusions

- i. Loans where borrowers do not make a request of restructuring by 30<sup>th</sup> Sep 2021.
- ii. Loans sanctioned / disbursed after 31<sup>st</sup> Mar 2021.
- iii. Loans not eligible as per eligibility criteria above.
- iv. Loans where AHF finds there is no or abysmally low impact on cash flows/ income of the borrowers.
- v. Not applicable to cases which are rescheduled earlier.
- vi. Loans given to staff of AHF.

10. The invocation of the same must be done maximum by 30<sup>th</sup> Sep 2021. The date of invocation of said resolution plan shall be the date on which both the borrower and lending institution have agreed to proceed.

11. The implementation of restructuring for all individual loans to be done within 90 days of invocation of scheme.

12. Credit Department shall check the financial eligibility of all such restructuring application. Credit shall assess with the customer to identify the current income flows and drop if any. They will recommend the case further with latest income eligibility/ assessment and share with their recommendation to

the approving authority (consist of MD& CEO, Head Finance and Accounts, Head Operations) for decision on the same. All cases should be recommended by Credit, Collections and Sales department.

13. The loans approved for restructuring shall require a fresh Loan / Supplementary Agreement (including DPN and POA) as an addendum to the original/ last loan agreement and NACH mandate to be collected from customer with all applicable signatures, by Sales and Collections team.
14. Operations Department shall check the fresh loan documents provided as per point 14.
15. The other existing terms and conditions of the loan shall continue to apply.
16. No other/additional restructuring charge shall be applied.
17. Any such restructuring shall not render the loan sub-standard and will have no impact on the credit history of the borrower however the CIC reporting will have these cases tagged as “Restructured”.
18. Provisioning and IND-AS norms shall remain applicable on restructured cases as provided.

### AHF's Process Steps

S.No.	Particular	Detail
1.	Period and Eligible Loans	All loans shall be covered except that are under the proceedings of DRT, SARFAESI, Insolvency, National Company Law Tribunal (NCLT), Insolvency and Bankruptcy Code (IBC), Fraud, Written-off, NPA, > 30 DPD as on 29 Feb-2020 and also classified as non-standard as on 31 <sup>st</sup> Mar 2021 or any combination thereof.
2.	Customer Education	The customers will be encouraged to pay the current / latest EMIs/PEMIs through awareness messages and calls highlighting the benefits. Customers to be handled with utmost politeness, sensitivity, care and explaining them about restructuring while also educating them the benefit of servicing the repayments on time as per current / latest EMI/PEMI.
3.	Processing of Eligible Cases	<ul style="list-style-type: none"><li>• All eligible loan accounts that shall opt for restructuring shall be provided to Credit &amp; Operations Department by Collections, Sales and Customer Service maximum by 25<sup>th</sup> of the every month but not later than 30<sup>th</sup> Sep 2021 by assessing the qualifying eligibility criteria of each loan which has or will apply for restructuring in writing / e-mail from his / her registered e-mail ID. Credit Department shall check the financial eligibility of all such restructuring application. Credit shall assess with the customer to identify the current income flows and drop if any. They will recommend the case further with latest income eligibility / assessment and share with their recommendation to the final approving authority which consist of MD&amp; CEO, Head Finance and Accounts, Head Operations for decision on the same.</li><li>• Customer should be informed for acceptance/rejection of application in maximum 30 days by AHF in writing / email on customers registered email id with us / SMS/ WhatsApp etc.</li><li>• The loans approved for restructuring shall require a fresh / supplementary Loan Agreement (including DPN and POA) as addendum to the original/ last loan agreement and NACH mandate to be collected from customer with all applicable signatures, by sales &amp; collections team.</li><li>• Operations Department shall check the fresh loan documents provided.</li><li>• Implementation of resolution plan is to be processed not later than 90 days from the date of invocation.</li><li>• Revised Repayment schedule is to be provided to customer by email / courier post implementation of resolution plan.</li></ul>



4.	Asset classification and provisioning (Indicative)	<ul style="list-style-type: none"> <li>• Additional finance to borrowers in respect of whom the resolution plan has been invoked, if sanctioned even before implementation of the plan in order to meet the interim liquidity requirements of the borrower, may be classified as ‘standard asset’ till implementation of the plan regardless of the actual performance of the borrower with respect to such facilities in the interim.</li> <li>• However, if the resolution plan is not implemented within the stipulated timelines, the asset classification of the additional finance sanctioned will be as per the actual performance of the borrower with respect to the additional finance or the rest of the credit facilities, whichever is worse.</li> <li>• If a resolution plan is implemented in adherence to the provisions of this facility, the asset classification of borrowers’ accounts classified as Standard may be retained as such upon implementation, whereas the borrowers’ accounts which may have slipped into NPA between invocation and implementation may be upgraded as Standard, as on the date of implementation of the plan.</li> <li>• In respect of individual loans where a resolution plan is implemented under this facility, AHF shall keep provisions from the date of implementation, which are higher of the provisions held as per the extant IRAC norms immediately before implementation, or 10 percent of the renegotiated debt exposure of AHF 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.</li> <li>• Any additional provisions maintained as Prudential Framework, wherever applicable, may be reversed at the time of invocation of the resolution plan under this facility. However, if the plan is not implemented within 90 days from invocation, provisions as per the Prudential Framework shall be required to be maintained, as if a resolution process was never invoked under this window.</li> </ul>
5.	Disclosures and Credit Reporting (Indicative)	<p>Lending institutions publishing quarterly statements shall, at the minimum, make disclosures as per the format prescribed in Format-A in their financial statements. Such lending institutions shall also make disclosures in the format prescribed in Format-B every half-year, till all exposures on which resolution plan was implemented are either fully extinguished or completely slips into NPA, whichever is earlier. Lending institutions required to publish only annual financial statements shall make the required disclosures in their annual financial statements, along with other prescribed disclosures. The credit reporting by the lending institutions in respect of borrowers where the resolution plan is implemented under this facility shall reflect the “restructured” status of the account if the resolution plan involves renegotiations that would be classified as restructuring under the Prudential Framework. The credit history of</p>

		the borrowers shall consequently be governed by the respective policies of the credit information companies as applicable to accounts that are restructured.
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**Restructuring Notification to be put on the website.**

Dear Valued Customer,

Corona Virus, declared a pandemic by World Health Organization (WHO) in Mar-2020 and has caused serious health concerns and has severely impacted the economic activity across the globe including India. To bring relief Reserve Bank of India (RBI) has announced “**Resolution Framework 2.0: Resolution of Covid -19 related stress of Individuals and Small Business**” vide there circular no. RBI/2021-22/31/ DOR.STR.REC.11/21.04.048/2021-22 dt. May 5, 2021 suggesting all Finance Companies to extend there earlier provided option of One Time restructuring of the loan into a convenient terms to all its eligible customers.

1. AHF shall provide One Time Restructuring (reschedulement) option to all eligible Individual loans on its sole discretion.
2. This is not an EMI/ Pre-EMI waiver. The Interest will continue to accrue during any EMI deferment/ moratorium period.
3. It is a ONE-TIME activity window where you can opt for reducing the EMI and extending the loan tenure for a maximum of 2 years (24 months) over the balance tenure as on the date of invocation or 30<sup>th</sup> Sep 2021 whichever is earlier.
4. The scheme shall be allowed only on your written request. (Eligibility criteria)
5. Your loan shall not be covered in this scheme if it is under the proceedings of DRT, SARFAESI, Insolvency, National Company Law Tribunal (NCLT), Insolvency and Bankruptcy Code (IBC), Fraud, Written-off, NPA or was in >30 Days default on EMI/PEMI as on 29<sup>th</sup> Feb 20 and also been classified as non-standard as on 31<sup>st</sup> Mar 2021 or any combination thereof. (Eligibility criteria)
6. Resolution under this facility is provided only to the borrowers having stress on account of Covid19 along with proof furnished to the same effect in concerned case (Eligibility criteria)

7. The scheme will be valid only if there is reasonable impact on the income of borrowers or there is any stress on the cash flows; which makes the loan repayment difficult in such times of pandemic; such as salary cut, no salary, job loss and business cash flow stress etc. as ascertained by AHF. (Eligibility criteria)
8. AHF shall look into eligibility of borrower/applicant as per RBI circular dated 06<sup>th</sup> Aug 2020 & 05<sup>th</sup> May 2021 and further lay down due diligence considerations to establish the necessity of implementing a resolution plan in respect of the concerned borrower/applicant. Thereafter, the same shall be allowed.
9. Such restructuring is allowed in the following ways only
  - a. Deferment/ Moratorium – A deferment/ moratorium on the EMIs / partial EMIs can be provided by the HFC in such a way that the extended period is not more than 24 months in addition to the balance tenure of the loan as on the date of invocation or 30<sup>th</sup> Sep 2021 whichever is earlier.
  - b. EMI – The EMI can be reduced by extending the balance tenure of the loan as on the date of invocation or 30<sup>th</sup> Sep 2021 whichever is earlier by a maximum of 2 years (24 months) only.
  - c. Loan Amount – An increment in loan amount is allowed for the conversion of interest accrued (equivalent to 24 month) or to be accrued into another credit facility to provide for EMIs for a specific period and thus tenure can be increased.
  - d. Tenure – The remaining tenure of the loans as on the date of invocation or 30<sup>th</sup> Sep 2021 whichever is later can be extended by a maximum tenure of 2 years (i.e. 24 months) only towards providing for point b) or c) or both.
10. Exclusions
  - a. Loans where borrowers do not make a request of restructuring by 30<sup>th</sup> Sep 2021.
  - b. Loans sanctioned / disbursed after 31<sup>st</sup> Mar 2021.
  - c. Loans not eligible as per eligibility criteria above.
  - d. Loans where AHF finds there is no or abysmally low impact on cash flows/ income of the borrowers.
  - e. Not applicable to cases which are rescheduled earlier.
  - f. Loans given to staff of AHF
11. Please note that such extension of tenure or reduction of EMI amount over an extended period of time increases the overall interest burden on the loan payable over the period of time.
12. In view of the point above we caution you to make a well thought of decision before opting for this One Time Restructuring option.

13. It is recommended to continue with your latest repayment structure unless it is absolutely necessary and unavoidable for you.
14. Your request should reach us on or before 25<sup>th</sup> September 2021.
15. The same shall be implemented maximum within 90 days of invocation of scheme.
16. If your restructuring request is successful at AHF, you shall be required to complete documentation for the same as provided by AHF. You may be required to give your consent on the revised repayment schedule.
17. The other existing terms and conditions of the loan shall remain unchanged and continue to apply.
18. Total outstanding as on the invocation date of restructuring shall be eligible for restructuring.
19. No other/additional restructuring charge shall be applied.
20. Any such Restructuring under this scheme shall not render your loan sub-standard and will have no impact on the credit history of the borrower if you continue to repay the loan on time as per restructured terms.
21. We keep you rest assured that in the case of you opting for restructuring of your loan it shall not be categorized under any default and shall not be reported to the Credit Information Companies as default.
22. In case your loan was already in default and had overdue status of more than 30 days as on 29<sup>th</sup> Feb 2020 and is not in the Standard Assets category as on 31<sup>st</sup> Mar 2021, then this facility shall not be applicable on your loan.
23. This restructuring scheme is under sole discretion of AHF.
24. If you wish to opt for restructuring of your loan, you need to send us a request for the same in the writing either via email from your registered email id or via letter.

25. This scheme is as per voluntary & sole discretion of the company and is totally voluntary on the borrower to make use of the same or not without any limitation.
26. The scheme offered is not subject to any legal proceedings under any court of law within and outside India.
27. We advise you to follow all government instructions to combat the pandemic of Corona Virus – Covid19.

Should you have any queries, you can write into us at [contact@arthfc.com](mailto:contact@arthfc.com) anytime or call at toll free number 0124-5060981, between 10am to 6pm on all weekdays excluding weekly offs & public holidays, and we shall be glad to assist you. Owing to the pandemic and nationwide lockdown we are working with limited strength and resources hence there might be delay in responding to your query however we shall try to revert to your queries in a maximum of 7 working days.

**Assuring you of our best services at all times and caring for your good health.**

**ART Housing Finance (I) Limited**

**Format - A****Format for disclosures to be made quarterly.**

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans / Individual Loans					
Corporate persons*					
Of which, MSMEs					
Others					
<b>Total</b>					

**Format - B****Format for disclosures to be made half yearly.**

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year
Personal Loans / Individual Loans					

<b>Corporate persons*</b>					
<b>Of which, MSMEs</b>					
<b>Others</b>					
<b>Total</b>					