

## GILADA FINANCE LTD

### LOAN RESTRUCTURING POLICY (COVID 2nd Wave)

#### 1. Introduction:

- ❖ This policy has been drafted for implementation based on the Reserve Bank of India's Circular DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 on "Resolution Framework for COVID-19-related Stress" ("Resolution Framework – 1.0") which had provided a window to enable lenders to implement a resolution plan in respect of loans of individuals and small businesses, while classifying such exposures as Standard, subject to specified conditions.
- ❖ The resurgence of Covid-19 pandemic second wave in India in the recent weeks and the consequent containment measures to check the spread of the pandemic has impacted the recovery process and created new uncertainties. With the objective of alleviating the potential stress to individual borrowers and small businesses, Reserve Bank of India vide its Circular DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 has issued detailed guidelines on Resolution Framework – 2.0- Resolution of Covid-19 related stress of Individuals and Small Businesses. In terms of the Circular, a Board approved policy has been framed on June 3, 2021 and the following are the policy guidelines for Loan Restructuring of borrowers who are adversely affected by Covid 19 and are in stress.

#### 2. Eligibility criteria for Loan Restructuring:

- ❖ The borrower's account should be 'standard asset' as on March 31, 2021.
- ❖ In case of loans of borrowers in respect of whom resolution plan under Resolution Framework -1.0 have not been availed, may avail subject to the above criteria.
- ❖ In cases of loans of borrowers where resolution plans had been implemented in terms of the Resolution Framework – 1.0, 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, the company will modify such plans **only** to the extent of increasing the period of moratorium / extension of residual tenor and the consequent changes necessary in the terms of the loan for implementing such extension. *The overall caps on moratorium and / or extension of residual tenor granted under Resolution Framework – 1.0 and this framework combined, shall be two years.*
- ❖ Invocation for restructuring has to be completed by September 30, 2021.
- ❖ The restructuring of the borrower account is to be implemented within 90 days from invocation or December 31, 2021, whichever is earlier.

### **3. Applicability of Loan Restructuring:**

- ❖ Applicable to Individual borrowers and small businesses borrowers of Gilada Finance Limited impacted by fallout of COVID 19 second wave.

### **4. Procedure for Loan Restructuring:**

- ❖ The borrower has to submit a request in writing to the concerned branch.
- ❖ The borrower's account must be a standard account in the books of the company as of March 31, 2021.
- ❖ The BMs should visit the customer and evaluate the request of the customer w.r.t. impact of lockdown caused as a result of Covid 19 on the income generating activities of the customer.
- ❖ Restructuring of loans will be considered on case-to-case basis only after necessary verification and recommendations by the Branch Manager
- ❖ The company shall revert to borrower within 30 days from receipt of application from borrower for restructuring.
- ❖ The restructuring of the loan will be considered by the sanctioning authority on a case-to-case basis taking all the factors which necessitated the restructuring and the terms of this Resolution policy.

### **5. Features of Resolution Plan:**

#### **Scope:**

The features of resolution plan shall include the following

- i) Rescheduling of payments including accrued interest
- ii) Granting of moratorium upto a maximum of six months based on the expected income streams of the borrower. The overall term of the loan will be extended on the granting of moratorium upon implementation of the resolution plan. However, compromise settlements are not permitted under this policy.
- iii) Consideration of additional loan to customers who have been considered for resolution plan to meet the immediate needs of the borrower who have been impacted as a result of covid 19 related stress.

iv) The repayment tenure extended thus for the rescheduled loans including moratorium period shall be for a maximum of 2 years.

v) The borrowers in respect of whom implementation plans have been executed in terms of Resolution Plan 1.0, the above options shall be granted in such a manner that the overall extended tenure including moratorium period and the earlier extensions provided, along with the new extension shall not exceed 2 years.

#### **6. Asset Classification and provisioning for restructured accounts:**

- ❖ The loans which have been restructured as per this implementation plan 2.0 shall be retained to be classified as standard assets and the accounts which have slipped into NPA between invocation and implementation will be upgraded as Standard asset. Where additional finance is sanctioned to the borrower even before implementation of the Plan may be classified as Standard asset till implementation of the Plan irrespective of the actual performance of such loan. The Company 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 the lending institution post implementation (residual debt).

#### **7. Time frame:**

- ❖ The company will convey its decision in writing on the application received by it from the borrower within 30 days of receipt of such communication. The last date for invocation of resolution permitted under this plan is September 20, 2021.

#### **8. Grievance Redressal:**

- ❖ The Customers can contact the Grievance redressal cell in case of any delay or grievance regarding restructuring of loan accounts.

#### **9. Disclosure: and Credit Reporting:**

- ❖ The Company will make disclosures as per the format prescribed in Format-X in their financial statements for the quarters ending September 30, 2021 and December 31, 2021. The resolution plans implemented in terms of Part A of this framework should also be included in the continuous disclosures required as per Format-B prescribed in the Resolution Framework – 1.0.

- ❖ The number of borrower accounts where modifications were sanctioned and implemented in terms of Clause 22 above, and the aggregate exposure of the lending institution to such borrowers may also be disclosed on a quarterly basis, starting from the quarter ending June 30, 2021. The credit reporting by the lending institutions in respect of borrowers where the resolution plan is implemented under Part A of this window shall reflect the “restructured due to COVID19” 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.

Format for Disclosures to be made in the quarters ending 30 Sep 2021 and 31 Dec 2021

Sl No	Description	Personal Loans	Business Loans	Small businesses
A	Number of requests received for invoking resolution process under Part A			
B	Number of accounts where resolution plan has been implemented under this window			
C	Exposure to accounts mentioned at (B) before implementation of the plan			
D	Of (C), aggregate amount of debt that was converted into other securities			
E	Additional funding sanctioned, if any, including between invocation of the plan and implementation			
F	Increase in provisions on account of the implementation of the resolution plan			