



**SHIVALIK**  
Shivalik Small Finance Bank

# Restructuring of Loans to Individual and Small Businesses Policy

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**Shivalik Small Finance Bank Ltd.**  
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## Version Control

Version#	Date	Document Creator	Document Reviewer	Document Approver	Description
2.0	<b>DOA:</b> May 31 <sup>st</sup> , 2021 <b>DOR:</b> June 3 <sup>rd</sup> , 2021	Aanchal Bharti (Manager – Credit)  Gyanendra Bajpai (Head – Credit)	Harsh Mittal (CFO)	Board of Directors	<ul style="list-style-type: none"><li>• Updated with SSFB template</li><li>• Updated changes as per RBI circular for Resolution Framework 2.0</li></ul>



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## 1. Restructuring of Personal/Non-MSME Business Loan

It has been the endeavor at Shivalik Small Finance Bank (SSFB) to accord utmost priority and sincerity towards implementation of Government policies, schemes, and decisions. Owing to the resurgence of COVID-19 pandemic which may impact the recovery process and create new uncertainties, the RBI announced certain measures vide its circular dated May 05, 2021. Accordingly, SSFB has designed a frame-work for rehabilitation of such cases under our Personal/Non-MSME Loan portfolio and place here under necessary directions to be followed while implementing the package.

All banks wishing to utilize this scheme must put in place a board approved policy and this document sets out the policy and procedures as would be applicable on SSFB.

### Eligibility

- Personal Loans sanctioned to Individuals shall be eligible.
- Loans to individuals/small business for business purposes other than classified as MSME as on 31-03-2021. The aggregate exposure should not exceed Rs.25 crore as on 31-03-2021.
- Credit facilities provided to staff shall not be eligible.
- Only those accounts which are classified as standard assets as on 31<sup>st</sup> March 2021 shall be eligible for resolution.
- Borrowal accounts should not have availed of any resolution in terms of the Resolution Framework -1.0. If they have availed moratorium/extension of tenor for less than 2 years in the previous framework, then they may apply for remaining period (moratorium/extension of tenor) in this framework.
- For Small businesses availing working capital facilities who have availed the resolution plan in Framework 1.0, bank may, as a one-time measure, review the working capital sanctioned limits and / or drawing power based on a reassessment of the working capital cycle, reduction of margins, etc. without the same being treated as restructuring. This can be done by September 30, 2021 and the margins and working capital limits should be restored to the original levels by March 31, 2022.

### Meaning of Personal Loans

As per RBI circular no “DBR.No.BP.BC.99/08.13.100/2017-18” dated January 4<sup>th</sup>, 2018, Personal loans 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.).



## Applicability and Scope for SSFB

For Personal Loans, the following products would be included in the scheme.

4110	PL-Personal Loan Small TL
4125	PL-LAP- TL
4126	PL-Personal Loan TL
4185	PL-Renewable Energy TL
4112	HL-Housing Loan TL
4121	HL-Affordable-Urban
4123	ED-Education Loan TL
4111	VL-Two Wheeler Loan TL
4118	VL-Four Wheeler New TL
4120	VL-Four Wheeler Loan Used

For Business Loans, the following products would be included in the scheme.

4127	BL-WCTL Industry
4128	BL-WCTL Traders
4129	BL-Business Asset Loan TL
4130	BL-P&SE TL
4116	BL-Retail Trade Small TL
4117	BL-Retail Trade Micro TL
4165	VL-Used Com Vehicle TL
4136	VL-New Com Vehicle TL
4401	BL-CC Limit Industry
4410	BL-CC Limit Trader
4182	BL-DL Working Capital
4431	OD-Business

## 2. Key Features of the Scheme

### Asset Classification Norms

- Asset classification of borrowers classified as standard may be retained as such upon implementation, whereas the accounts which may have slipped into NPA between invocation and date of implementation may be upgraded as 'standard asset', as on the date of implementation of the restructuring plan.
- The subsequent asset classification i.e. post implementation will be governed by extant IRAC norms.



## Type of Resolution Plans

- The resolution plans may inter alia include rescheduling of payments, conversion of any interest accrued, or to be accrued, into another credit facility, revisions in working capital sanction or, granting of moratorium, based on an assessment of income streams of the borrower.
- The moratorium period, if granted, may be for a maximum of two years, and shall come into force immediately upon implementation of the resolution plan. The extension of the residual tenor of the loan facilities may also be granted to borrowers, with or without payment moratorium. The overall cap on extension of residual tenor, inclusive of moratorium period if any permitted, shall be two years.

## Provisioning Requirements

- Where a resolution plan (personal/business loan) is implemented under this facility, the lending institutions 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).
- In case of personal, half of the above provisions may 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 may be written back upon the borrower paying another 10 per cent of the residual debt without slipping into NPA subsequently.
- In case of business loans, the above provisions shall not be written back before one year from the commencement of the first payment of interest or principal (whichever is later) on the credit facility with longest period of moratorium.
- The provisions required to be maintained under this window, 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.

## Other

- Sanctioning Authority shall be empowered to consider any other relief / relaxation as deemed fit within the eligible frame-work.
- 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.
- This is only one-time measure, and no further restructuring shall be permitted for all such accounts.

## 3. Assessment Criteria

The accounts can be restructured / re phased provided-

- Present Income of the borrower/s is not enough to repay the EMI / servicing of interest.
- Borrower must not be a willful defaulter.
- Security created out of our advance is available, demarcated, and identifiable.
- The projected/estimated income of the borrower to be the basis for restructuring and fixing future EMIs.



## 4. Initial Assessment

All branches, wherever such cases exist, will compile a list of all such accounts and forward it to Recovery Team citing complete facts of the case and circumstances with specific recommendations, for in principle approval of the same. Format to be submitted by branches for in principle approval is enclosed as **Annexure 1**.

## 5. In-principle Approval

- In-principle approval would be accorded by a committee of three comprising of Credit Head, Recovery Head, a representative from Credit Monitoring Team or Advisor to Credit Department.
- Post in principle approval for restructuring, a written request has to be obtained from the borrower on Rs. 100 stamp paper. Format of written request enclosed as **Annexure 2**.

## 6. Charges

Nominal amount as fee (onetime charge) for restructuring, are proposed hereunder, to maintain borrower's interest in the project and re scheduling to be recovered up front to discourage rescheduling on whimsical grounds.

S.No.	Outstanding Limit	Present ROI	Amount of Charges + GST
1	< 5.00 Lakhs	<14%	Rs. 2500.00 +GST
2	< 5.00 Lakhs	>14%	Rs. 2500.00 +GST
3	>5 to <= 25 Lakh	<14%	Rs. 5000.00 +GST
4.	>5 to <= 25 Lakh	>14%	Rs. 5000.00 +GST
5.	> 25 Lakhs	<14%	Rs. 10000.00 +GST
6.	> 25 Lakhs	>14%	Rs. 10000.00 +GST
7.	< 1.00 Lakh	All	NIL

- Since there is no change in outstanding dues no further documentation is proposed apart from request letter on Rs. 100 stamp paper as stated above.
- Additional interest upto 0.50% may be charged on case to case basis by the appropriate sanctioning authority.

## 7. Sanctioning Authority

Board has approved sanctioning/approving powers for restructuring of loan accounts under this scheme to the restructuring loan committee. The format for consideration under this scheme is mentioned in **Annexure 3**.



The sanctioning authority has to consider the following whilst deciding on the proposals:

- Verification of the ingenuity of the request i.e. that it is a bonafide case for restructuring. The following queries could be considered
  - o Review of Bank statement / credit entries
  - o Sales figures for March – September in case of self-employed borrower. In case of decline in sales, specific plan to arrest the same, to be mentioned.
  - o Previous and Current Salary status in case of salaried borrower
  - o Have customer / immediate family been infected with any serious disease?
- How will he / she pay instalments / loan dues in the future?
- COVID Kawach / Health insurance cover to be explored.

## 8. Documentation Requirements

Post sanctioning by appropriate authority the agreement will be re-executed between SSFB and borrower and extension of mortgage will be done on existing collateral.

## 9. Post Sanction Monitoring

The accounts will be kept under special monitoring and will be monitored by CH and Credit Monitoring team at H.O. Collection/ recovery proceedings, as and when required, will continue as per normal recovery policy.

## 10. Disclosures

1. SSFB shall make disclosure in their quarterly financial statements as per the below format –

### Format for disclosures to be made in the quarters ending September 30, 2021 and December 31, 2021

S.No.	Description	Individual Borrowers		Small Businesses
		Personal Loans	Business Loans	
(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			





2. Along with point no.1, SSFB shall also make below disclosure in their half-yearly financial statements, starting from the half-year ending September 30, 2021 till all exposures on which resolution plan was implemented are either fully extinguished or completely slips into NPA, whichever is earlier.

**Format for disclosures to be made half year starting September 30, 2021**

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	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					
Corporate persons*					
Of which MSMEs					
Others					
Total					

\* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

3. In point no.1, disclosures of those borrowers are also to be made who has been given further moratorium/extension of tenor benefit who's previous availment was less than 2 years.



### Annexure 1 (FOR PERSONAL LOANS)

Format to be filled in by the branch and submitted to CCAT for consideration of case/s for the purpose of restructuring. Separate sheet to be used for each account.

S.No.	Particulars	Filled by HO/Branch
1.	Name of borrower (Copy of sanction to be enclosed)	
2.	Name of Co-Borrower	To Be filled at H. O
3.	Name of Guarantor	To Be filled at H. O
4.		
5.	Date of Grant of Facility	To Be filled at H. O
6.	Salaried/Self-Employed	
7.	If Salaried, Name of Employer	
8.	If Self-Employed, Line of activity / Nature of business.	
9.	Amount of facility (Lakhs)	To Be filled at H. O
10.	Total Tenor of Loan	To Be filled at H. O
11.	Balance Tenor of Loan as per original term of sanction	
12.	Date of commencement of EMI	To Be filled at H. O
13.	Present outstanding (Lakhs)	
14.	Total overdue	To Be filled at H. O
15.	In case of EMI, no of EMIs overdue.	To Be filled at H. O
16.	Present state of business/Job – Running / Closed	
17.	Reasons of default	
18.	Proposed Tenure post restructuring	
19.	Proposed EMI post restructuring	
20.	Whether Overdue interest also to be capitalized	
21.	Willful default	Yes / No



22.	Overall feasibility and viability post restructuring envisaged	Yes / No
23.	All T & C of previous sanction complied with. If No, then T& C not complied with.	Yes / No
24.	Valid EM is created.	
25.	Security documents are valid and in force.	
26.	Date of last inspection	
27.	Indicative Remedial Measures (as confirmed by the Borrower)	
28.	Rectification (as confirmed by the Borrower)	
29.	Any adverse feature observed during inspection (Copy of last inspection report to be enclosed).	
30.	Branch Recommendations	

Credit Officer at Branch/Asset Centre Executive

Branch Manager/Asset Centre Incharge

**Cluster Head observations and recommendations**

**In-principle observations and approval.:**

Approved / Not approved



### Annexure 1 (FOR NON-MSME BUSINESS LOANS)

Format to be filled in by the branch and submitted to CCAT for consideration of case/s for the purpose of restructuring. Separate sheet to be used for each account.

S.No.	Particulars	Filled by HO/Branch
1.	Name of borrower (Copy of sanction to be enclosed)	
2.	Constitution of Borrower i.e. Prop. Partnership/ Ltd. Co/ Individual	To Be filled at H. O
3.	Name of Prop. / Partner/ Director etc.	To Be filled at H. O
4.	Name of Guarantor	To Be filled at H. O
5.	Date of Grant of Facility	To Be filled at H. O
6.	Line of activity / Nature of business. (Please specify whether any value addition is made e.g. Packing Sugar / Pulses or other articles in Polythene Bags, making weight specific packs from loose products, Stationer adding Cover on Note Books / Books etc. The list is exhaustive and will cover all activities which enhance the value of any product from Raw form to packaged form or ready to consume form)	
7.	Amount of facility (Lakhs)	To Be filled at H. O
8.	Total Tenor of Loan	To Be filled at H. O
9.	Balance Tenor of Loan as per original term of sanction	
10.	Date of commencement of EMI	To Be filled at H. O
11.	Present outstanding (Lakhs)	
12.	Total overdue	To Be filled at H. O
13.	In case of EMI, no of EMIs overdue.	To Be filled at H. O
14.	Present state of business – Running / Closed	
15.	Reasons of default	
16.	Proposed Tenure post restructuring	
17.	Proposed EMI post restructuring	
18.	Whether Overdue interest also to be capitalized	
19.	Willful default	Yes / No
20.	Overall feasibility and viability post restructuring envisaged	Yes / No



21	All T & C of previous sanction complied with. If No, then T& C not complied with.	Yes / No
22	Valid EM is created.	
23	Security documents are valid and in force.	
24	Date of last inspection	
25	Indicative Remedial Measures (as confirmed by the Borrower)	
26	Rectification (as confirmed by the Borrower)	
27	Any adverse feature observed during inspection (Copy of last inspection report to be enclosed).	
28	Branch Recommendations	

Credit Officer at Branch/Asset Centre Executive

Branch Manager/Asset Centre Incharge

**Cluster Head observations and recommendations**

**In-principle observations and approval.:**

Approved / Not approved



## Annexure 2

Format of written request to be obtained from borrower for restructuring his loan account.  
Format to be countersigned by Guarantor in the account. (On stamp paper of Rs. 100)

To  
The Branch Manager,  
Shivalik Small Finance Bank Ltd.  
\_\_\_\_\_ Branch

Date:

Sir,

**Sub: Reschedulement of my/our Loan Account number \_\_\_\_\_ in the name of \_\_\_\_\_**

I / We were sanctioned a Term Loan of Rs. \_\_\_\_\_ (Sanction Limit) from your Bank on \_\_\_\_\_ (Sanction date) and the same was repayable in \_\_\_\_\_ (No. of EMIs) EMIs commencing- \_\_\_\_\_ (EMI start date). Due to certain circumstances beyond our control, I/we could not repay the EMIs regularly and presently a sum of Rs. \_\_\_\_\_ is outstanding out of which Rs. \_\_\_\_\_ is overdue.

I / We request you to kindly reschedule my / our loan in \_\_\_\_\_ EMIs commencing \_\_\_\_\_. A moratorium of \_\_\_\_\_ months is desired.

I / We undertake to make the payments of our loan regularly; in case the rescheduling is allowed and assure you that there shall be no default. I / We further confirm that this is one and last time I am / we are seeking a reschedulement of the loan and no further reschedulement shall be sought in future.

Failure to honor the terms of reschedulement shall render me / us liable for action, including penal action, as per the policy of the bank which may include disposal of our assets, charged to the Bank.

Borrower/ Co-borrower  
(Seal in case of firm/company)

Guarantor



### Annexure 3

#### Format for presentation of the case to the sanctioning authority

##### Case Details

Insert the table from Annexure 1

##### Eligibility of the case for restructuring under these guidelines:

S.No.	Particulars	Response
1.	Was the account classified as a standard asset on 1 March 2020?	Yes / No
2.	Whether the DPDs as on 1 March 2020 are not more than 30 days?	Yes / No
3.	Was the account classified as a standard asset as on the date of restructuring/moratorium granting?	Yes / No
6.	Is the restructuring being implemented before 31 March 2021?	Yes / No
7.	Customer Eligible under this scheme?	Yes / No (No, if any responses to queries 1 – 6 are “No”)

##### Details of Stress faced by the Individual (please select one or more as applicable)

S.No.	Particulars	Response
1.	Failed to make timely payment of instalments of principal and interest on term loans.	Yes / No
2.	Decline in salary/income	Yes / No
3.	Failed to meet the daily/routine expenses	Yes / No
4.	Any COVID related death in the immediate family? (either parents, siblings or people living in the same house)	Yes / No
5.	Any Hospitalisation in the immediate family? (either parents, siblings or people living in the same house)	Yes / No

##### Case Scrutiny Points

S.No.	Particulars	Response
1.	Review of Bank statement/Credit Turnover	
2.	Sales figures for March – September in case of self-employed borrower	
3.	Previous and Current Salary status in case of salaried borrower	
4.	Have customer / immediate family been infected with COVID?	
5.	Was Business / Residence in containment zone? If yes, for how long	



## Income Details

Particulars	Details of Current Year
Gross Total Income	
Other Income	
Add : Depreciation	
Add : Partner Salary	
Add : Payment U/s 40 A(2) b	
Add : Interest on loans	
Less: Capital Gains(if any)	
Less : Tax (Estimated for CY)	
Net Income	
Mode of Filing	
Date of Filing	

CCAT Preparer

CCAT Manager

### CCAT Recommendations:

**Restructuring Committee's observations and approval.:** The above matter was taken up in MLC/SLC

Approved / Not Approved

### Restructuring Terms and Conditions: (please select one or more as applicable)

S.No.	Particulars	Response
1.	Reschedulement of Instalments	Yes / No
2.	Capitalization of interest	Yes / No
3.	Fresh and/or additional TL	Yes / No
4.	Moratorium	Yes / No
5.	Moratorium Period	(In months)