

DVARA KSHETRIYA GRAMIN FINANCIAL SERVICES PRIVATE LIMITED	
POLICY	DVARA KGFS RESTRUCTURING POLICY
VERSION	2.0
DATE OF APPROVAL OF BOARD	November 02, 2022
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POLICY OWNER	FINANCE

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VERSION

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Version 1.0	November 02, 2022
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Cross Referencing	1. Policy on Provisioning and Write Off
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Dvara KGFS Restructuring Policy

1. Introduction

The Reserve Bank of India vide its circular DBR.No.BP.BC.45/21.04.048/2018-19 dated June, 7 2019 on “Prudential Norms for Resolution of Stressed Assets” has issued directions for providing a framework for early recognition, reporting and time bound resolution of stressed assets. Accordingly, in order to provide assistance to borrowers of Dvara KGFS undergoing financial difficulties due to various reasons, the following policy guidelines are framed for Loan Restructuring.

2. Applicability of Loan Restructuring

The policy is applicable to all products of the company and to borrowers undergoing financial difficulties wherein borrower’s account is in non-performing status or would be categorised as nonperforming without the concessions.

3. Procedure for Loan Restructuring

- The borrower has to submit a request in writing to the concerned branch.
- The Cluster Manager /Branch Managers should visit the customer and evaluate the request of the customer.
- Restructuring of loans will be considered on case-to-case basis only after necessary checks and recommendations by the Cluster Manager / Branch Manager.
- The Company shall revert to borrower within 30 days from receipt of application from borrower for restructuring
- The necessity to restructure the loan account will be determined by the sanctioning authority on a case-to-case basis taking a holistic view of the proposal / ability of the borrower to restart the income generation activity and service loan repayments.

4. Features of Resolution Plan

The features of resolution plan shall include the following.

- o Rescheduling of repayments including accrued interest
- o Granting of moratorium, based on an assessment of income streams of the borrower, subject to a minimum of three months. Borrowers requiring moratorium of upto 3 months would come under the purview of Provisioning and write off policy of the company.
- The moratorium period, if granted, shall come into force immediately upon implementation of the resolution plan. Correspondingly, the overall tenor of the loan shall get modified commensurately.
- o Sanction Additional Finance to customers who have been considered for resolution plan to meet the interim needs of the borrower.
- o The repayment tenure extension for the rescheduled loans including moratorium period shall be for a maximum of 3 years.
- o For borrowers who have already availed restructuring, the above options shall be granted in such manner that the overall extended tenure including moratorium period, earlier extensions provided if any along with new the extension shall not exceed 3 years.

5. Asset Classification and provisioning for restructured accounts:

In case of restructuring, the accounts shall continue to be classified as non-performing assets (NPAs), i.e., ‘sub-standard’ to begin with. The asset classification shall continue to be governed by the ageing criteria as



per as per IRAC norms of RBI. Provisioning for restructured loan shall be done as per Ind-AS norms. Restructured account shall be recognized as "SICR" (significant increase in credit risk) or "Impaired" immediately after implementation. The restructured accounts shall be upgraded only when satisfactory payment behaviour is observed for a sustained period.

6. Additional loans to restructured borrowers

Any additional finance approved under resolution plan or loans approved post restructuring may be treated as 'standard asset' provided the account demonstrates satisfactory performance. If the restructured accounts fails to perform satisfactorily during the monitoring period or does not qualify for upgradation at the end of the monitoring period, the additional finance and/or loans approved post restructuring shall be placed in the same asset classification category as the restructured loan.

7. Time frame

The decision on request received from the borrower for restructuring should be communicated within 30 days from the date of receipt of the request. The restructuring plan should be implemented within 90 days from the date of receipt of requests.

8. Grievance Redressal

Customers can contact the Dvara KGFS grievance redressal department for any grievances regarding restructuring of loan accounts.

9. Review

The performance of restructured account shall be monitored closely by the management. • A quarterly report shall be presented to the Risk Management and Audit Committee /Board on restructured accounts during the period.

10. Disclosure

The information in respect of restructuring undertaken including provisions held for such accounts shall be disclosed in the financial statements under “Notes on Accounts”.

Dvara Restructuring Policy Guidelines

2.1 –Basic Eligibility Criteria

1.	Enrollment Criteria	NA as the customer is an existing one
2.	Age	Borrower and Co- Borrower – Not more than 55 years at the time of disbursement
3.	Co-Borrower Criteria	It is mandatory to have a Co borrower in the loan agreement. The following HH relationship only qualifies to be a co-borrower. • Applicant & Spouse. • Applicant & Father / Applicant & Son. • Applicant & Mother / Applicant & Son.
4.	Product Parameters – Basic Eligibility Criteria	• Any Individual Loan Product
5.	Reason for Restructuring	1. Serious Medical emergency for any family member of borrower where they are facing a temporary cash flow crunch 2. Loss of business / Closure of business and wanting to start afresh or a new business

		3. Death in family 4. Any Legal issues, resulting in non-availability of borrower / co-borrower 5. Consolidation of outside loans 6. Any other Reason (To be taken up by the KGFS for approvals)
6.	Cash Flow	To be done in New format by the Cluster Manager
7.	Recommendation by KGFS Head	To be done with the following: 1. Reason for Restructure 2. Confirmation that CM has met the customer 3. Cash Flow Statement by Cluster Manager
8.	Credit Bureau Check to be done for Borrower/Co Borrower	- Highmark Combo report to be extracted for Borrower and Co-Borrower. - Should not have any write off loans
9.	HH unsecured exposure limit.	Overall unsecured exposure not to exceed INR 10,00,000 at the household level
10.	HH secured exposure limit.	Overall secured exposure not to exceed INR 20,00,000
11.	Quantum of Loan	- As per Product Parameters - Not Exceeding 5 lacs
12.	Processing Fees	2% + GST as applicable - To be paid upfront in cash by the client at the time of disbursement
13.	Rate of Interest	2% over and above the existing loan rate if the customer is in 1 plus DPD - Existing loan rate if the existing loan is in Scheduled Bucket 3% above existing loan rate if moratorium is availed, even if the account is in Scheduled Bu
14.		
15.	Repayment Mode	Digital / NACH / Cash
16.	PDC	3 Undated Cheques to be obtained along with 6 months Bank statement (as applicable)
17.	Moratorium	Can be upto 3 months from the date of Disbursement (1st repayment date to be 3 months later)

18.	Additional Documentation	Request letter from customer for restructuring the loan + undertaking that they will pay this loan regularly till maturity
19.	Portfolio Insurance	- For Borrower and Co-Borrower (as stated in the respective Product Note) - To be deducted from Gross Loan amount
20.	DSC	To be 2 times
21.	Approving Authority	Recommended by Zonal Head/CBO, approved by MD & CEO.

Cases that cannot be Restructured

1. There is no Co-Borrower or the age criteria is not met
2. If FOIR/ DSC, whichever is lower is not met, as per RBI norms of NHHID members
3. If there is an existing Technical write off / compromise settlement of the borrower
4. Customer is per Dvara's Negative list.
5. Cluster Manager has not met the client or Cash Flow Statement cannot be prepared