



भारतीय रिजर्व बैंक

RESERVE BANK OF INDIA

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RBI/2015-16/144

DNBR.CO.PD.No.067/03.10.01/2015-16

July 30, 2015

All NBFCs excluding Primary Dealers

Dear Sirs,

**Review of Guidelines on Restructuring of Advances by NBFCs**

Please refer to the circulars [DNBS.CO.PD.No.367/03.10.01/2013-14, dated January 23, 2014](#) and [DNBR.CO.PD.No.011/03.10.01/2014-15 dated January 16, 2015](#), on the captioned subject.

2. In terms of the extant instructions contained in the above mentioned circulars, revisions of the date of DCCO and consequential shift in repayment schedule for equal or shorter duration (including the start date and end date of revised repayment schedule) will not be treated as restructuring provided that:

- a. The revised DCCO falls within the period of two years and one year from the original DCCO stipulated at the time of financial closure for infrastructure projects and non-infrastructure projects respectively; and
- b. All other terms and conditions of the loan remain unchanged.

3. Further, in terms of the extant instructions quoted at paragraph 2 above, NBFCs may restructure such loans, subject to the extant prudential norms on restructuring of advances, by way of revision of DCCO beyond the time limits quoted at paragraph 2(a) above and retain the 'standard' asset classification, if the fresh DCCO is fixed within the following limits, and the account continues to be serviced as per the restructured terms:

- a. *Infrastructure Projects involving court cases*

Up to another two years (beyond the two year period quoted at paragraph 2(a) above, i.e., total extension of four years), in case the reason for extension of DCCO is arbitration proceedings or a court case.

b. *Infrastructure Projects delayed for other reasons beyond the control of promoters*

Up to another one year (beyond the two year period quoted at paragraph 2(a) above, i.e., total extension of three years), in case the reason for extension of DCCO is beyond the control of promoters (other than court cases).

c. *Project Loans for Non-Infrastructure Sector (Other than Commercial Real Estate Exposures)*

Up to another one year (beyond the one year period quoted at paragraph 2(a) above, i.e., total extension of two years).

4. In order to facilitate revival of the projects stalled primarily due to inadequacies of the current promoters, it is advised that if a change in ownership takes place any time during the periods quoted in paragraphs 2 and 3 above or before the original DCCO, NBFCs may permit extension of the DCCO of the project up to two years in addition to the periods quoted at paragraphs 2 and 3 above, as the case may be, without any change in asset classification of the account subject to the conditions stipulated in the following paragraphs. NBFCs may also consequentially shift/extend repayment schedule, if required, by an equal or shorter duration.

5. It is clarified that in cases where change in ownership and extension of DCCO (as indicated in paragraph 4 above) takes place before the original DCCO, and if the project fails to commence commercial operations by the extended DCCO, the project will be eligible for further extension of DCCO in terms of guidelines quoted at paragraphs 2 and 3 above. Similarly, where change in ownership and extension of DCCO takes place during the period quoted in paragraph 2(a) above, the account may still be restructured by extension of DCCO in terms of guidelines quoted at paragraph 3 above, without classifying the account as non-performing asset.

6. The provisions of paragraphs 4 and 5 above are subject to the following conditions:

i) NBFCs should establish that implementation of the project is stalled/affected primarily due to inadequacies of the current promoters/management and with a change in ownership there is a very high probability of commencement of commercial operations by the project within the extended period;

ii) The project in consideration should be taken-over/acquired by a new promoter/promoter group with sufficient expertise in the field of operation. If the acquisition is being carried out by a special purpose vehicle (domestic or overseas), the NBFC should be able to clearly demonstrate that the acquiring entity is part of a new promoter group with sufficient expertise in the field of operation;

iii) The new promoters should own at least 51 per cent of the paid up equity capital of stake in the acquired project. If the new promoter is a non-resident, and in sectors where the ceiling on foreign investment is less than 51 per cent, the new promoter should own at least 26 per cent of the paid up equity capital or up to applicable foreign investment limit, whichever is higher, provided NBFCs are satisfied that with this equity stake the new non-resident promoter controls the management of the project;

iv) Viability of the project should be established to the satisfaction of the NBFCs.

v) Intra-group business restructuring/mergers/acquisitions and/or takeover/acquisition of the project by other entities/subsidiaries/associates etc. (domestic as well as overseas), belonging to the existing promoter/promoter group will not qualify for this facility. The NBFCs should clearly establish that the acquirer does not belong to the existing promoter group;

vi) Asset classification of the account as on the 'reference date' would continue during the extended period. For this purpose, the 'reference date' would be the date of execution of preliminary binding agreement between the parties to the transaction, provided that the acquisition/takeover of ownership as per the provisions of law/regulations governing such acquisition/takeover is completed within a period of 90 days from the date of execution of preliminary binding agreement. During the intervening period, the usual asset classification norms would continue to apply. If the change in ownership is not completed within 90 days from the preliminary binding agreement, the 'reference date' would be the effective date of acquisition/takeover as per the provisions of law/regulations governing such acquisition/takeover;

vii) The new owners/promoters are expected to demonstrate their commitment by bringing in substantial portion of additional monies required to complete the project within the extended time period. As such, treatment of financing of cost overruns for the project shall continue to be subject to the guidelines prescribed in Circular [DNBR.CO.PD.No.011/03.10.01/2014-15 dated January 16, 2015](#).

Financing of cost overrun beyond the ceiling prescribed in the circular dated January 16, 2015 would be treated as an event of restructuring even if the extension of DCCO is within the limits prescribed above;

viii) While considering the extension of DCCO (up to an additional period of 2 years) for the benefits envisaged hereinabove, NBFCs shall make sure that the repayment schedule does not extend beyond 85 per cent of the economic life/concession period of the project; and

ix) This facility would be available to a project only once and will not be available during subsequent change in ownership, if any.

7. Loans covered under this guideline would attract provisioning as per the extant provisioning norms depending upon their asset classification status.

8. i) The extant guidelines on restructuring allow the asset classification benefit to a restructured account with reference to three different reference dates for three different restructuring frameworks as given below:

- Restructuring by CDR cell on direct reference from NBFCs outside JLF Framework: Asset classification existing on the date of reference to CDR Cell
- Restructuring by NBFCs (bilateral or multilateral restructuring outside JLF or CDR Framework): Asset classification existing on the date of receipt of restructuring application
- Restructuring under the Framework to revitalize distressed assets (either by JLF or CDR Cell): Asset classification existing on the date of formation of JLF

ii) It is clarified that in all cases where the respective reference dates for deciding asset classification on restructuring of advances, as indicated in three situations above fall before April 1, 2015, special asset classification benefit as per the extant instructions will be available, provided that all required conditions stipulated in above circular are fulfilled.

iii) Further, in continuation to instructions issued to NBFCs for quick implementation of the restructuring package, it is advised that NBFCs shall strictly adhere to the instructions on incentive for quick implementation of the restructuring package which prescribes that during the pendency of the application for restructuring of the advance with the NBFC, the usual asset classification norms would continue to apply, i.e. the process of reclassification of an asset should not stop merely because the application is under consideration. However, as an incentive for quick implementation of the package, if the approved package is

implemented by the NBFC as per the relevant prescribed time schedules and norms, the asset classification status may be restored to the position which existed on the relevant reference date.

9. Notifications amending Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 are enclosed for meticulous compliance.

Yours faithfully,

**(C. D. Srinivasan)**  
**Chief General Manager**

**RESERVE BANK OF INDIA  
DEPARTMENT OF NON-BANKING REGULATION  
CENTRAL OFFICE, CENTRE I, WORLD TRADE CENTRE  
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**NOTIFICATION No. DNBR(PD). 030CGM(CDS)-2015 dated July 30, 2015**

The Reserve Bank of India (the Bank), having considered it necessary in public interest and being satisfied that, for the purpose of enabling the Bank to regulate the credit system to the advantage of the country, it is necessary to amend the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ([Notification No.DNBS.192/DG\(VL\)-2007 dated February 22, 2007](#)) (hereinafter referred to as 'the Directions'), in exercise of the powers conferred by section 45JA of the Reserve Bank of India Act, 1934 (2 of 1934) and of all the powers enabling it in this behalf, hereby directs that the Directions shall be amended with immediate effect as follows –

**2. In sub-para 3.3 of paragraph 3 of the guidelines provided in Annex-A to the aforementioned Notification, clause (v)(c) shall be inserted after clause (v)(b).**

(v)(c)(a) In order to facilitate revival of the projects stalled primarily due to inadequacies of the current promoters, it is advised that if a change in ownership takes place any time during the periods quoted in paragraphs 3(3.3)(iii) and 3(3.3)(v) above or before the original DCCO, NBFCs may permit extension of the DCCO of the project up to two years in addition to the periods quoted at paragraph 3(3.3)(iii) and 3(3.3)(v) above, as the case may be, without any change in asset classification of the account subject to the conditions stipulated in the following paragraphs. NBFCs may also consequentially shift/extend repayment schedule, if required, by an equal or shorter duration.

(b) It is clarified that in cases where change in ownership and extension of DCCO (as indicated in paragraph 3(3.3)(v)(c)(a) above) takes place before the original DCCO, and if the project fails to commence commercial operations by the extended DCCO, the project will be eligible for further extension of DCCO in terms of guidelines quoted at paragraph 3(3.3)(iii) and 3(3.3)(v) above. Similarly, where change in ownership and extension of DCCO takes place during the period quoted in paragraph 3(3.3)(v) above, the account may still be restructured by extension of DCCO in terms of guidelines quoted at paragraph 3(3.3)(iii) above, without classifying the account as non-performing asset.

(c) The provisions contained in sub para (a) and (b) above are subject to the following conditions:

i) NBFCs should establish that implementation of the project is stalled/affected primarily due to inadequacies of the current promoters/management and with a change in ownership there is a very high probability of commencement of commercial operations by the project within the extended period;

ii) The project in consideration should be taken-over/acquired by a new promoter/promoter group with sufficient expertise in the field of operation. If the acquisition is being carried out by a special purpose vehicle (domestic or overseas), the NBFC should be able to clearly demonstrate that the acquiring entity is part of a new promoter group with sufficient expertise in the field of operation;

iii) The new promoters should own at least 51 per cent of the paid up equity capital of stake in the acquired project. If the new promoter is a non-resident, and in sectors where the ceiling on foreign investment is less than 51 per cent, the new promoter should own atleast 26 per cent of the paid up equity capital or up to applicable foreign investment limit, whichever is higher, provided NBFCs are satisfied that with this equity stake the new non-resident promoter controls the management of the project;

iv) Viability of the project should be established to the satisfaction of the NBFCs.

v) Intra-group business restructuring/mergers/acquisitions and/or takeover/acquisition of the project by other entities/subsidiaries/associates etc. (domestic as well as overseas), belonging to the existing promoter/promoter group will not qualify for this facility. The NBFCs should clearly establish that the acquirer does not belong to the existing promoter group;

vi) Asset classification of the account as on the 'reference date' would continue during the extended period. For this purpose, the 'reference date' would be the date of execution of preliminary binding agreement between the parties to the transaction, provided that the acquisition/takeover of ownership as per the provisions of law/regulations governing such acquisition/takeover is completed within a period of 90 days from the date of execution of preliminary binding agreement. During the intervening period, the usual asset classification norms would continue to apply. If the change in ownership is not completed within 90 days from the preliminary binding agreement, the 'reference date' would be the effective date of acquisition/takeover as per the provisions of law/regulations governing such acquisition/takeover;

vii) The new owners/promoters are expected to demonstrate their commitment by bringing in substantial portion of additional monies required to complete the project within the extended

time period. As such, treatment of financing of cost overruns for the project shall continue to be subject to the guidelines prescribed in Circular [DNBR.CO.PD.No.011/03.10.01/2014-15 dated January 16, 2015](#). Financing of cost overrun beyond the ceiling prescribed in the circular dated January 16, 2015 would be treated as an event of restructuring even if the extension of DCCO is within the limits prescribed above;

viii) While considering the extension of DCCO (up to an additional period of 2 years) for the benefits envisaged hereinabove, NBFCs shall make sure that the repayment schedule does not extend beyond 85 per cent of the economic life/concession period of the project; and

ix) This facility would be available to a project only once and will not be available during subsequent change in ownership, if any.

(d) Loans covered under this guideline would attract provisioning as per the extant provisioning norms depending upon their asset classification status.

**3. In sub-para 3.4 of paragraph 3 of the guidelines provided in Annex-A to the aforementioned Notification, clause (iv) (c) shall be inserted after clause (iv) (b).**

(iv)(c)(a) In order to facilitate revival of the projects stalled primarily due to inadequacies of the current promoters, it is advised that if a change in ownership takes place any time during the periods quoted in paragraphs 3(3.4)(iii) and 3(3.4)(iv) above or before the original DCCO, NBFCs may permit extension of the DCCO of the project up to two years in addition to the periods quoted at paragraph 3(3.4)(iii) and 3(3.4)(iv) above, as the case may be, without any change in asset classification of the account subject to the conditions stipulated in the following paragraphs. NBFCs may also consequentially shift/extend repayment schedule, if required, by an equal or shorter duration.

(b) It is clarified that in cases where change in ownership and extension of DCCO (as indicated in paragraph 3(3.4)(iv)(c)(a) above) takes place before the original DCCO, and if the project fails to commence commercial operations by the extended DCCO, the project will be eligible for further extension of DCCO in terms of guidelines quoted at paragraph 3(3.4)(iii) and 3(3.4)(iv) above. Similarly, where change in ownership and extension of DCCO takes place during the period quoted in paragraph 3(3.4)(iv) above, the account may still be restructured by extension of DCCO in terms of guidelines quoted at paragraph 3(3.4)(iii) above, without classifying the account as non-performing asset.

(c)The provisions contained in sub para (a) and (b) above are subject to the following conditions:

i) NBFCs should establish that implementation of the project is stalled/affected primarily due to inadequacies of the current promoters/management and with a change in ownership there is a very high probability of commencement of commercial operations by the project within the extended period;

ii) The project in consideration should be taken-over/acquired by a new promoter/promoter group with sufficient expertise in the field of operation. If the acquisition is being carried out by a special purpose vehicle (domestic or overseas), the NBFC should be able to clearly demonstrate that the acquiring entity is part of a new promoter group with sufficient expertise in the field of operation;

iii) The new promoters should own at least 51 per cent of the paid up equity capital of stake in the acquired project. If the new promoter is a non-resident, and in sectors where the ceiling on foreign investment is less than 51 per cent, the new promoter should own atleast 26 per cent of the paid up equity capital or up to applicable foreign investment limit, whichever is higher, provided NBFCs are satisfied that with this equity stake the new non-resident promoter controls the management of the project;

iv) Viability of the project should be established to the satisfaction of the NBFCs.

v) Intra-group business restructuring/mergers/acquisitions and/or takeover/acquisition of the project by other entities/subsidiaries/associates etc. (domestic as well as overseas), belonging to the existing promoter/promoter group will not qualify for this facility. The NBFCs should clearly establish that the acquirer does not belong to the existing promoter group;

vi) Asset classification of the account as on the 'reference date' would continue during the extended period. For this purpose, the 'reference date' would be the date of execution of preliminary binding agreement between the parties to the transaction, provided that the acquisition/takeover of ownership as per the provisions of law/regulations governing such acquisition/takeover is completed within a period of 90 days from the date of execution of preliminary binding agreement. During the intervening period, the usual asset classification norms would continue to apply. If the change in ownership is not completed within 90 days from the preliminary binding agreement, the 'reference date' would be the effective date of acquisition/takeover as per the provisions of law/regulations governing such acquisition/takeover;

vii) The new owners/promoters are expected to demonstrate their commitment by bringing in substantial portion of additional monies required to complete the project within the extended time period. As such, treatment of financing of cost overruns for the project shall continue to be subject to the guidelines prescribed in Circular [DNBR.CO.PD.No.011/03.10.01/2014-15 dated January 16, 2015](#). Financing of cost overrun beyond the ceiling prescribed in the circular dated January 16, 2015 would be treated as an event of restructuring even if the extension of DCCO is within the limits prescribed above;

viii) While considering the extension of DCCO (up to an additional period of 2 years) for the benefits envisaged hereinabove, NBFCs shall make sure that the repayment schedule does not extend beyond 85 per cent of the economic life/concession period of the project; and

ix) This facility would be available to a project only once and will not be available during subsequent change in ownership, if any.

(d) Loans covered under this guideline would attract provisioning as per the extant provisioning norms depending upon their asset classification status.

**4. In sub-para 7.2 of paragraph 7 of the guidelines provided in Annex-A to the aforementioned Notification, clause 7.2.4 shall be inserted after clause 7.2.3.**

(i) The extant guidelines allow the asset classification benefit to a restructured account with reference to three different reference dates for three different restructuring frameworks as given below:

- Restructuring by CDR cell on direct reference from NBFCs outside JLF Framework: Asset classification existing on the date of reference to CDR Cell (para 7.2.1 of Annex A of Master Circular on Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 dated July 01, 2015)
- Restructuring by NBFCs (bilateral or multilateral restructuring outside JLF or CDR Framework) : Asset classification existing on the date of receipt of restructuring application para 7.2.1 of Annex A of Master Circular on Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 dated July 01, 2015)
- Restructuring under the Framework to revitalize distressed assets (either by JLF or CDR Cell): Asset classification existing on the date of formation of JLF (para 5.2 of Annex IV of Circular on Early Recognition of Financial Distress, Prompt Steps for

Resolution and Fair Recovery for Lenders: Framework for Revitalising Distressed Assets in the Economy dated March 21, 2014.)

(ii) It is clarified that in all cases where the respective reference dates for deciding asset classification on restructuring of advances, as indicated in three situations above fall before April 1, 2015, special asset classification benefit as per the extant instructions will be available, provided that all required conditions stipulated in above circular are fulfilled.

(iii) In particular, NBFCs are advised to strictly adhere to the instructions contained in Paragraph 7.2.1 of Annex A of the Master Circular *ibid* which prescribes that during the pendency of the application for restructuring of the advance with the NBFC, the usual asset classification norms would continue to apply, i.e. the process of reclassification of an asset should not stop merely because the application is under consideration. However, as an incentive for quick implementation of the package, if the approved package is implemented by the NBFC as per the relevant prescribed time schedules and norms, the asset classification status may be restored to the position which existed on the relevant reference date.

**(C D Srinivasan)**  
**Chief General Manager**

**RESERVE BANK OF INDIA**  
**DEPARTMENT OF NON-BANKING REGULATION**  
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**CUFFE PARADE, COLABA MUMBAI 400 005**

**NOTIFICATION No. DNBR (PD). 031/CGM (CDS)-2015 dated July 30, 2015**

The Reserve Bank of India (the Bank), having considered it necessary in public interest and being satisfied that, for the purpose of enabling the Bank to regulate the credit system to the advantage of the country, it is necessary to amend the Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 ([Notification No.DNBR.008/CGM\(CDS\) - 2015 dated March 27, 2015](#)) (hereinafter referred to as 'the Directions'), in exercise of the powers conferred by section 45JA of the Reserve Bank of India Act, 1934 (2 of 1934) and of all the powers enabling it in this behalf, hereby directs that the Directions shall be amended with immediate effect as follows-

**2. In sub-para 3.3 of paragraph 3 of the guidelines provided in Annex-III to the aforementioned Notification, clause (v)(c) shall be inserted after clause (v)(b).**

(v)(c)(a) In order to facilitate revival of the projects stalled primarily due to inadequacies of the current promoters, it is advised that if a change in ownership takes place any time during the periods quoted in paragraphs 3(3.3)(iii) and 3(3.3)(v) above or before the original DCCO, NBFCs may permit extension of the DCCO of the project up to two years in addition to the periods quoted at paragraph 3(3.3)(iii) and 3(3.3)(v) above, as the case may be, without any change in asset classification of the account subject to the conditions stipulated in the following paragraphs. NBFCs may also consequentially shift/extend repayment schedule, if required, by an equal or shorter duration.

(b) It is clarified that in cases where change in ownership and extension of DCCO (as indicated in paragraph 3(3.3)(v)(c)(a) above) takes place before the original DCCO, and if the project fails to commence commercial operations by the extended DCCO, the project will be eligible for further extension of DCCO in terms of

guidelines quoted at paragraph 3(3.3)(iii) and 3(3.3)(v) above. Similarly, where change in ownership and extension of DCCO takes place during the period quoted in paragraph 3(3.3)(v) above, the account may still be restructured by extension of DCCO in terms of guidelines quoted at paragraph 3(3.3)(iii) above, without classifying the account as non-performing asset.

(c) The provisions contained in sub para (a) and (b) above are subject to the following conditions:

i) NBFCs should establish that implementation of the project is stalled/affected primarily due to inadequacies of the current promoters/management and with a change in ownership there is a very high probability of commencement of commercial operations by the project within the extended period;

ii) The project in consideration should be taken-over/acquired by a new promoter/promoter group with sufficient expertise in the field of operation. If the acquisition is being carried out by a special purpose vehicle (domestic or overseas), the NBFC should be able to clearly demonstrate that the acquiring entity is part of a new promoter group with sufficient expertise in the field of operation;

iii) The new promoters should own at least 51 per cent of the paid up equity capital of stake in the acquired project. If the new promoter is a non-resident, and in sectors where the ceiling on foreign investment is less than 51 per cent, the new promoter should own atleast 26 per cent of the paid up equity capital or up to applicable foreign investment limit, whichever is higher, provided NBFCs are satisfied that with this equity stake the new non-resident promoter controls the management of the project;

iv) Viability of the project should be established to the satisfaction of the NBFCs.

v) Intra-group business restructuring/mergers/acquisitions and/or takeover/acquisition of the project by other entities/subsidiaries/associates etc. (domestic as well as overseas), belonging to the existing promoter/promoter group will not qualify for this facility. The NBFCs should clearly establish that the acquirer does not belong to the existing promoter group;

vi) Asset classification of the account as on the 'reference date' would continue during the extended period. For this purpose, the 'reference date' would be the date of execution of preliminary binding agreement between the parties to the transaction, provided that the acquisition/takeover of ownership as per the provisions of law/regulations governing such acquisition/takeover is completed within a period of 90 days from the date of execution of preliminary binding agreement. During the intervening period, the usual asset classification norms would continue to apply. If the change in ownership is not completed within 90 days from the preliminary binding agreement, the 'reference date' would be the effective date of acquisition/takeover as per the provisions of law/regulations governing such acquisition/takeover;

vii) The new owners/promoters are expected to demonstrate their commitment by bringing in substantial portion of additional monies required to complete the project within the extended time period. As such, treatment of financing of cost overruns for the project shall continue to be subject to the guidelines prescribed in Circular [DNBR.CO.PD.No.011/03.10.01/2014-15 dated January 16, 2015](#). Financing of cost overrun beyond the ceiling prescribed in the circular dated January 16, 2015 would be treated as an event of restructuring even if the extension of DCCO is within the limits prescribed above;

viii) While considering the extension of DCCO (up to an additional period of 2 years) for the benefits envisaged hereinabove, NBFCs shall make sure that the repayment schedule does not extend beyond 85 per cent of the economic life/concession period of the project; and

ix) This facility would be available to a project only once and will not be available during subsequent change in ownership, if any.

(d) Loans covered under this guideline would attract provisioning as per the extant provisioning norms depending upon their asset classification status.

**3. In sub-para 3.4 of paragraph 3 of the guidelines provided in Annex-III to the aforementioned Notification, clause (iv) (c) shall be inserted after clause (iv) (b).**

(iv)(c)(a) In order to facilitate revival of the projects stalled primarily due to inadequacies of the current promoters, it is advised that if a change in ownership takes place any time during the periods quoted in paragraphs 3(3.4)(iii) and 3(3.4)(iv) above or before the original DCCO, NBFCs may permit extension of the DCCO of the project up to two years in addition to the periods quoted at paragraph 3(3.4)(iii) and 3(3.4)(iv) above, as the case may be, without any change in asset classification of the account subject to the conditions stipulated in the following paragraphs. NBFCs may also consequentially shift/extend repayment schedule, if required, by an equal or shorter duration.

(b) It is clarified that in cases where change in ownership and extension of DCCO (as indicated in paragraph 3 above) takes place before the original DCCO, and if the project fails to commence commercial operations by the extended DCCO, the project will be eligible for further extension of DCCO in terms of guidelines quoted at paragraph 3(3.4)(iii) and 3(3.4)(iv) above. Similarly, where change in ownership and extension of DCCO takes place during the period quoted in paragraph 3(3.4)(iv) above, the account may still be restructured by extension of DCCO in terms of guidelines quoted at paragraph 3(3.4)(iii) above, without classifying the account as non-performing asset.

(c) The provisions contained in sub para (a) and (b) above are subject to the following conditions:

i) NBFCs should establish that implementation of the project is stalled/affected primarily due to inadequacies of the current promoters/management and with a change in ownership there is a very high probability of commencement of commercial operations by the project within the extended period;

ii) The project in consideration should be taken-over/acquired by a new promoter/promoter group with sufficient expertise in the field of operation. If the acquisition is being carried out by a special purpose vehicle (domestic or overseas), the NBFC should be able to clearly demonstrate that the acquiring entity is part of a new promoter group with sufficient expertise in the field of operation;

iii) The new promoters should own at least 51 per cent of the paid up equity capital of stake in the acquired project. If the new promoter is a non-resident, and in sectors

where the ceiling on foreign investment is less than 51 per cent, the new promoter should own atleast 26 per cent of the paid up equity capital or up to applicable foreign investment limit, whichever is higher, provided NBFCs are satisfied that with this equity stake the new non-resident promoter controls the management of the project;

iv) Viability of the project should be established to the satisfaction of the NBFCs.

v) Intra-group business restructuring/mergers/acquisitions and/or takeover/acquisition of the project by other entities/subsidiaries/associates etc. (domestic as well as overseas), belonging to the existing promoter/promoter group will not qualify for this facility. The NBFCs should clearly establish that the acquirer does not belong to the existing promoter group;

vi) Asset classification of the account as on the 'reference date' would continue during the extended period. For this purpose, the 'reference date' would be the date of execution of preliminary binding agreement between the parties to the transaction, provided that the acquisition/takeover of ownership as per the provisions of law/regulations governing such acquisition/takeover is completed within a period of 90 days from the date of execution of preliminary binding agreement. During the intervening period, the usual asset classification norms would continue to apply. If the change in ownership is not completed within 90 days from the preliminary binding agreement, the 'reference date' would be the effective date of acquisition/takeover as per the provisions of law/regulations governing such acquisition/takeover;

vii) The new owners/promoters are expected to demonstrate their commitment by bringing in substantial portion of additional monies required to complete the project within the extended time period. As such, treatment of financing of cost overruns for the project shall continue to be subject to the guidelines prescribed in Circular [DNBR.CO.PD.No.011/03.10.01/2014-15 dated January 16, 2015](#). Financing of cost overrun beyond the ceiling prescribed in the circular dated January 16, 2015 would be treated as an event of restructuring even if the extension of DCCO is within the limits prescribed above;

viii) While considering the extension of DCCO (up to an additional period of 2 years) for the benefits envisaged hereinabove, NBFCs shall make sure that the repayment schedule does not extend beyond 85 per cent of the economic life/concession period of the project; and

ix) This facility would be available to a project only once and will not be available during subsequent change in ownership, if any.

(d) Loans covered under this guideline would attract provisioning as per the extant provisioning norms depending upon their asset classification status.

**4. In sub-para 7.2 of paragraph 7 of the guidelines provided in Annex-III to the aforementioned Notification, clause 7.2.4 shall be inserted after clause 7.2.3.**

(i) The extant guidelines allow the asset classification benefit to a restructured account with reference to three different reference dates for three different restructuring frameworks as given below:

- Restructuring by CDR cell on direct reference from NBFCs outside JLF Framework: Asset classification existing on the date of reference to CDR Cell (para 7.2.1 of Annex III of Notification on Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 dated March 27, 2015)
- Restructuring by NBFCs (bilateral or multilateral restructuring outside JLF or CDR Framework) : Asset classification existing on the date of receipt of restructuring application (para 7.2.1 of Annex III of Notification on Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 dated March 27, 2015)
- Restructuring under the Framework to revitalize distressed assets (either by JLF or CDR Cell) : Asset classification existing on the date of formation of JLF (para 5.2 of Annex IV of Circular on Early Recognition of Financial Distress, Prompt Steps for Resolution and Fair Recovery for Lenders: Framework for Revitalising Distressed Assets in the Economy dated March 21, 2014.)

(ii) It is clarified that in all cases where the respective reference dates for deciding asset classification on restructuring of advances, as indicated in three situations above fall before April 1, 2015, special asset classification benefit as per the extant instructions will be available, provided that all required conditions stipulated in above circular are fulfilled.

(iii) In particular, NBFCs are advised to strictly adhere to the instructions contained in Paragraph 7.2.1 of Annex III of the Master Circular *ibid* which prescribes that during the pendency of the application for restructuring of the advance with the NBFC, the usual asset classification norms would continue to apply, i.e. the process of reclassification of an asset should not stop merely because the application is under consideration. However, as an incentive for quick implementation of the package, if the approved package is implemented by the NBFC as per the relevant prescribed time schedules and norms, the asset classification status may be restored to the position which existed on the relevant reference date.

**(C D Srinivasan)**  
**Chief General Manager**

**RESERVE BANK OF INDIA  
DEPARTMENT OF NON-BANKING REGULATION  
CENTRAL OFFICE, CENTRE I, WORLD TRADE CENTRE  
CUFFE PARADE, COLABA MUMBAI 400 005**

**NOTIFICATION No. DNBR(PD). 032/CGM (CDS)-2015 dated July 30, 2015**

The Reserve Bank of India ( the Bank), having considered it necessary in public interest and being satisfied that, for the purpose of enabling the Bank to regulate the credit system to the advantage of the country, it is necessary to amend the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 ([Notification No.DNBR.009/CGM\(CDS\)- 2015 dated March 27, 2015](#)) (hereinafter referred to as 'the Directions'), in exercise of the powers conferred by section 45JA of the Reserve Bank of India Act, 1934 (2 of 1934) and of all the powers enabling it in this behalf, hereby directs that the Directions shall be amended with immediate effect as follows-

**2. In sub-para 3.3 of paragraph 3 of the guidelines provided in Annex-III to the aforementioned Notification, clause (v) (c) shall be inserted after clause (v) (b).**

(v)(c)(a) In order to facilitate revival of the projects stalled primarily due to inadequacies of the current promoters, it is advised that if a change in ownership takes place any time during the periods quoted in paragraphs 3(3.3)(iii) and 3(3.3)(v) above or before the original DCCO, NBFCs may permit extension of the DCCO of the project up to two years in addition to the periods quoted at paragraph 3(3.3)(iii) and 3(3.3)(v) above, as the case may be, without any change in asset classification of the account subject to the conditions stipulated in the following paragraphs. NBFCs may also consequentially shift/extend repayment schedule, if required, by an equal or shorter duration.

(b) It is clarified that in cases where change in ownership and extension of DCCO (as indicated in paragraph 3(3.3)(v)(c)(a) above) takes place before the original DCCO, and if the project fails to commence commercial operations by the extended DCCO, the project will be eligible for further extension of DCCO in terms of guidelines quoted at paragraph 3(3.3)(iii) and 3(3.3)(v) above. Similarly, where change in ownership and extension of DCCO takes place during the period quoted in paragraph 3(3.3)(v) above, the account may still be restructured by extension of DCCO in terms of guidelines quoted at paragraph 3(3.3)(iii) above, without classifying the account as non-performing asset.

(c) The provisions contained in sub para (a) and (b) above are subject to the following conditions:

i) NBFCs should establish that implementation of the project is stalled/affected primarily due to inadequacies of the current promoters/management and with a change in ownership there is a very high probability of commencement of commercial operations by the project within the extended period;

ii) The project in consideration should be taken-over/acquired by a new promoter/promoter group with sufficient expertise in the field of operation. If the acquisition is being carried out by a special purpose vehicle (domestic or overseas), the NBFC should be able to clearly demonstrate that the acquiring entity is part of a new promoter group with sufficient expertise in the field of operation;

iii) The new promoters should own at least 51 per cent of the paid up equity capital of stake in the acquired project. If the new promoter is a non-resident, and in sectors where the ceiling on foreign investment is less than 51 per cent, the new promoter should own at least 26 per cent of the paid up equity capital or up to applicable foreign investment limit, whichever is higher, provided NBFCs are satisfied that with this equity stake the new non-resident promoter controls the management of the project;

iv) Viability of the project should be established to the satisfaction of the NBFCs.

v) Intra-group business restructuring/mergers/acquisitions and/or takeover/acquisition of the project by other entities/subsidiaries/associates etc. (domestic as well as overseas), belonging to the existing promoter/promoter group will not qualify for this facility. The NBFCs should clearly establish that the acquirer does not belong to the existing promoter group;

vi) Asset classification of the account as on the 'reference date' would continue during the extended period. For this purpose, the 'reference date' would be the date of execution of preliminary binding agreement between the parties to the transaction, provided that the acquisition/takeover of ownership as per the provisions of law/regulations governing such acquisition/takeover is completed within a period of 90 days from the date of execution of preliminary binding agreement. During the intervening period, the usual asset classification norms would continue to apply. If the change in ownership is not completed within 90 days from the preliminary binding agreement, the 'reference date' would be the effective date of acquisition/takeover as per the provisions of law/regulations governing such acquisition/takeover;

vii) The new owners/promoters are expected to demonstrate their commitment by bringing in substantial portion of additional monies required to complete the project within the extended time period. As such, treatment of financing of cost overruns for the project shall continue to be subject to the guidelines prescribed in Circular [DNBR.CO.PD.No.011/03.10.01/2014-15 dated January 16, 2015](#). Financing of cost overrun beyond the ceiling prescribed in the circular dated January 16, 2015 would be treated as an event of restructuring even if the extension of DCCO is within the limits prescribed above;

viii) While considering the extension of DCCO (up to an additional period of 2 years) for the benefits envisaged hereinabove, NBFCs shall make sure that the repayment schedule does not extend beyond 85 per cent of the economic life/concession period of the project; and

ix) This facility would be available to a project only once and will not be available during subsequent change in ownership, if any.

(d) Loans covered under this guideline would attract provisioning as per the extant provisioning norms depending upon their asset classification status.

**3. In sub-para 3.4 of paragraph 3 of the guidelines provided in Annex-III to the aforementioned Notification, clause (iv)(c) shall be inserted after clause (iv)(b).**

(iv)(c)(a) In order to facilitate revival of the projects stalled primarily due to inadequacies of the current promoters, it is advised that if a change in ownership takes place any time during the periods quoted in paragraphs 3(3.4)(iii) and 3(3.4)(iv) above or before the original DCCO, NBFCs may permit extension of the DCCO of the project up to two years in addition to the periods quoted at paragraph 3(3.4)(iii) and 3(3.4)(iv) above, as the case may be, without any change in asset classification of the account subject to the conditions stipulated in the following paragraphs. NBFCs may also consequentially shift/extend repayment schedule, if required, by an equal or shorter duration.

(b) It is clarified that in cases where change in ownership and extension of DCCO (as indicated in paragraph 3(3.4)(iv)(c)(a) above) takes place before the original DCCO, and if the project fails to commence commercial operations by the extended DCCO, the project will be eligible for further extension of DCCO in terms of guidelines quoted at paragraph 3(3.4)(iii) and 3(3.4)(iv) above. Similarly, where change in ownership and extension of DCCO takes place during the period quoted in paragraph 3(3.4)(iv) above, the account may still be restructured by extension of DCCO in terms of guidelines quoted at paragraph 3(3.4)(iii) above, without classifying the account as non-performing asset.

(c) The provisions contained in sub para (a) and (b) above are subject to the following conditions:

i) NBFCs should establish that implementation of the project is stalled/affected primarily due to inadequacies of the current promoters/management and with a change in ownership there is a very high probability of commencement of commercial operations by the project within the extended period;

ii) The project in consideration should be taken-over/acquired by a new promoter/promoter group with sufficient expertise in the field of operation. If the acquisition is being carried out by a special purpose vehicle (domestic or overseas), the NBFC should be able to clearly demonstrate that the acquiring entity is part of a new promoter group with sufficient expertise in the field of operation;

iii) The new promoters should own at least 51 per cent of the paid up equity capital of stake in the acquired project. If the new promoter is a non-resident, and in sectors where the ceiling on foreign investment is less than 51 per cent, the new promoter should own at least 26 per cent of the paid up equity capital or up to applicable foreign investment limit, whichever is higher, provided NBFCs are satisfied that with this equity stake the new non-resident promoter controls the management of the project;

iv) Viability of the project should be established to the satisfaction of the NBFCs.

v) Intra-group business restructuring/mergers/acquisitions and/or takeover/acquisition of the project by other entities/subsidiaries/associates etc. (domestic as well as overseas), belonging to the existing promoter/promoter group will not qualify for this facility. The NBFCs should clearly establish that the acquirer does not belong to the existing promoter group;

vi) Asset classification of the account as on the 'reference date' would continue during the extended period. For this purpose, the 'reference date' would be the date of execution of preliminary binding agreement between the parties to the transaction, provided that the acquisition/takeover of ownership as per the provisions of law/regulations governing such acquisition/takeover is completed within a period of 90 days from the date of execution of preliminary binding agreement. During the intervening period, the usual asset classification norms would continue to apply. If the change in ownership is not completed within 90 days from the preliminary binding agreement, the 'reference date' would be the effective date of acquisition/takeover as per the provisions of law/regulations governing such acquisition/takeover;

vii) The new owners/promoters are expected to demonstrate their commitment by bringing in substantial portion of additional monies required to complete the project within the extended time period. As such, treatment of financing of cost overruns for the project shall continue to be subject to the guidelines prescribed in Circular [DNBR.CO.PD.No.011/03.10.01/2014-15 dated January 16, 2015](#). Financing of cost overrun beyond the ceiling prescribed in the circular dated January 16, 2015 would be treated as an event of restructuring even if the extension of DCCO is within the limits prescribed above;

viii) While considering the extension of DCCO (up to an additional period of 2 years) for the benefits envisaged hereinabove, NBFCs shall make sure that the repayment schedule does not extend beyond 85 per cent of the economic life/concession period of the project; and

ix) This facility would be available to a project only once and will not be available during subsequent change in ownership, if any.

(d) Loans covered under this guideline would attract provisioning as per the extant provisioning norms depending upon their asset classification status.

**4. In sub-para 7.2 of paragraph 7 of the guidelines provided in Annex-III to the aforementioned Notification, clause 7.2.4 shall be inserted after clause 7.2.3.**

i) The extant guidelines allow the asset classification benefit to a restructured account with reference to three different reference dates for three different restructuring frameworks as given below:

- Restructuring by CDR cell on direct reference from NBFCs outside JLF Framework: Asset classification existing on the date of reference to CDR Cell (para 7.2.1 of Annex III of Notification on Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 dated March 27, 2015)
- Restructuring by NBFCs (bilateral or multilateral restructuring outside JLF or CDR Framework) : Asset classification existing on the date of receipt of restructuring application (para 7.2.1 of Annex III of Notification on Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 dated March 27, 2015)
- Restructuring under the Framework to revitalize distressed assets (either by JLF or CDR Cell) : Asset classification existing on the date of formation of JLF (para 5.2 of Annex IV of Circular on Early Recognition of Financial Distress, Prompt Steps for

Resolution and Fair Recovery for Lenders: Framework for Revitalising Distressed Assets in the Economy dated March 21, 2014)

ii) It is clarified that in all cases where the respective reference dates for deciding asset classification on restructuring of advances, as indicated in three situations above fall before April 1, 2015, special asset classification benefit as per the extant instructions will be available, provided that all required conditions stipulated in above circular are fulfilled.

iii) In particular, NBFCs are advised to strictly adhere to the instructions contained in Paragraph 7.2.1 of Annex III of the Master Circular *ibid* which prescribes that during the pendency of the application for restructuring of the advance with the NBFC, the usual asset classification norms would continue to apply, i.e. the process of reclassification of an asset should not stop merely because the application is under consideration. However, as an incentive for quick implementation of the package, if the approved package is implemented by the NBFC as per the relevant prescribed time schedules and norms, the asset classification status may be restored to the position which existed on the relevant reference date.

**(C D Srinivasan)**  
**Chief General Manager**