

IndusInd Bank Ltd
Vehicle Finance Division

Frequently Asked Questions (FAQs) on RESOLUTION FRAMEWORK FOR COVID-19 RELATED STRESS

Reserve Bank of India (RBI) vide circular reference no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6th August, 2020, captioned Resolution Framework for COVID-19-related Stress, has allowed one-time window for restructuring of advances extended to wholesale and retail customers, subject to compliance of certain conditions as stipulated in the aforementioned guideline. Further, RBI has also extended the window of one-time restructuring of advances given to MSME sector upto 31st March, 2021, vide circular reference no. RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated 6th August, 2020.

The moratorium for repayment of loans / interest deferment has ended on August 31, 2020 which requires borrowers to start paying their dues. The near term impact COVID 19 could have significant impact on the business/economic activities and cash flows of the borrowers and thus impair their ability to service interest on loans as well as repayment of the loan, the RBI has felt it prudent to allow medium term restructuring of loans and to facilitate the same have issued following guidelines toward Prudential Resolution Framework for different classes of borrowers:

PART A - Resolution Framework for COVID -19 related Stress in conjunction with separate guidelines issued on Financial Parameters, applicable for Corporate (other than MSME borrowers/personal loans)

PART B - Scheme of Restructuring for Personal loan

PART C - Scheme of restructuring for Micro, Small and Medium Enterprise (MSME) sector

PART A – RESOLUTION FRAMEWORK FOR COVID-19 RELATED STRESS – LARGE BORROWERS – CORPORATE and OTHERS (OTHER THAN MSME BORROWERS/PERSONAL LOANS)

1. What is the purpose of this Resolution Framework?

The purpose of this Framework is to provide relief to units who otherwise have a good track record, but whose operations have been adversely affected by the Covid-19 pandemic and their debt burden becoming disproportionate relative to their cash flow generation abilities.

2. What are the eligibility conditions for my unit to qualify for relief under the Framework?

To be eligible under the Framework, the following eligibility conditions need to be fulfilled:

- i. Borrower should be classified as standard as on March 1, 2020 and the DPD should be maximum of 30 days as on 01.03.2020.
- ii. Borrower should not be declared as RFA / Fraud account/ Non Co-operative/suit filed OR repossessed
- iii. Borrower unit's operations should have been affected by Covid-19 pandemic as a result of which their cash flows/revenues have declined significantly and are not in a position to service loan instalments/ debt.

3. Which are the CFD products covered under this framework?

- i. Term loan on commercial vehicles and Construction equipment
- ii. Term loan on Small commercial vehicles
- iii. Car loans (Commercial purpose/ Taxi)

4. Which are the Loans not covered under this Framework of RBI?

The following types of loans are not covered within the purview of Resolution Framework for COVID-19-related Stress for Corporate and other borrowers

- i. Personal Loans (covered through separate framework on Resolution of advances – Please refer PART B of this FAQ)

Other categories of customers are excluded currently are as below:

- a. MSME borrowers whose aggregate exposure to lending institutions collectively, is Rs.25 crore or less as on March 1, 2020. (covered through separate framework on Resolution of advances – Please refer PART C of this FAQ)
- b. Farm credit as listed in Paragraph 6.1 of Master Direction FIDD.CO.Plan.1/04.09.01/2016-17 dated July 7, 2016 (as updated) or other relevant instructions as applicable to specific category of lending institutions.
- c. Loans to Primary Agricultural Credit Societies (PACS), Farmers' Service Societies (FSS) and Large-sized Adivasi Multi-Purpose Societies (LAMPS) for on-lending to agriculture.
- d. Exposures of lending institutions to financial service providers. The term Financial service providers shall have the same meaning as in sub-section (17) of Section 3 of the Insolvency and Bankruptcy Act, 2016.

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- e. Exposures of lending institutions to Central and State Governments; Local Government bodies (eg. Municipal Corporations); and, body corporates established by an Act of Parliament or State Legislature.
- f. Exposures of housing finance companies where the account has been rescheduled in terms of para 2(1)(zc)(ii) of the Master Circular - The Housing Finance Companies (NHB) Directions, 2010 after March 1, 2020, unless a resolution plan under this framework has been invoked by other lending institutions. However, from the date of this circular, any resolution necessitated on account of the economic fallout of Covid-19 pandemic, shall be undertaken only under this framework.

5. What documents do I need to provide alongwith application for being considered for relief under this Framework?

- i. Board Resolution (in case of Companies) stating that the Company's operations are under stress on account of Covid-19. In case of other applicants, an undertaking, that unit's operations are under stress on account of COVID-19.
- ii. Last 12 months GST returns along with GST Reg Certificate. If GST is not applicable/exempted, CA certificate to confirm the same along with CA certified sales figure for last 12 months. For individual borrowers where turnover less than exempt level declaration and 12 months bank statement to be taken
- iii. In case of listed companies, the latest financials filed with Stock Exchanges to be submitted.
- iv. 12 months bank statement of primary banker including the period March to August
- v. Cash budget and projected financials for the period of loan.
- vi. Latest KYC of the entity and signature proof of co-applicant
- vii. Form26AS for AY 2020-21 and 2021-22
- viii. Any other document as advised by your Branch/Relationship Manager

6. What is the time period of making an application for restructuring?

All the application for restructuring/resolution within this framework has to be made on or before 30.11.2020 to the Bank

7. How to apply for relief under above Framework ?

You may contact your nearest CFD branch/ CFD representative in the closest branch.

8. What are the reliefs/relaxations available under the framework?

The tenure of existing loans can be extended by maximum of 2 years from the date of implementation of restructuring. This may exceed the normal tenure given in the product parameters.

The relief/relaxations would be assessed on a case to case basis subject to compliance with RBI and internal norms.

9. Will there be any processing fees or charges if I restructure my loan?

The bank may levy a fee for the restructuring of existing loan accounts. The applicable charges will be payable upfront. Also the ROI of the restructured loan will be increased by a minimum of 0.50%

10. What shall be the terms of restructuring?

The terms of restructuring, including revised facility structure, will also incorporate pricing, additional security/guarantees, payment of processing charges etc as per Bank's norms

11. I hold multiple loans/credit facilities with the bank. Do I have to apply separately for each of these loans?

The restructuring application form shall have the option to apply for one or all the loans by a single application. The bank shall assess the application and approve the resolution plan based on the guidelines provided by RBI and bank's internal policy. However, you need to give details at loan level.

12. Will opting for the restructuring package have an impact on my credit bureau report?

As per regulatory guidelines, your loan/credit facility will be reported to the credit bureau/ CRILC as "Restructured". Restructuring has to be reported at a borrower level to the credit bureaus and hence all the facilities / loans of the borrower with the bank will be classified and reported as "Restructured" even if the borrower has taken restructuring for only one loan.

13. My loan was taken along with a co-borrower/s. Will all the co-borrowers of the original Loan agreement be required to sign the revised restructuring agreement?

As per regulatory and legal requirements, all borrowers/co-borrowers of the original loan need to agree and sign on any changes in the loan structure including the restructuring agreement.

14. What is the applicability of guidelines under Consortium/Multiple Banking

If there are multiple lending institutions in a consortium with exposure to the borrower, the resolution process shall be treated as invoked in respect of any borrower if lending institutions representing 75 per cent by value of the total outstanding credit facilities (fund based as well non-fund based) and not less than 60 per cent of lending institutions by number agree to invoke the same.

15. What are the timelines for Resolution under the framework?

Resolution under this framework may be invoked not later than December 31, 2020 and must be implemented within 180 days from the date of invocation.

In all cases involving multiple lending institutions, where the resolution process is invoked and consequently a resolution plan has to be implemented, Inter Creditors Agreement (ICA) shall be required to be signed by all lending institutions within 30 days from the date of invocation.

Timelines for various actions to be taken:

Timeline	Date
Last date for invocation	December 31, 2020
Last date for signing ICA	Within 30 days of invocation
Last date for implementation of the Resolution Plan	Within 180 days of invocation

If any of the above timelines are breached at any point, the resolution process ceases to apply immediately in respect of the borrower concerned.

16. What will be the implications in case ICA is not signed?

In case resolution process has been invoked but lending institutions representing not less than 75% by value of total o/s credit facilities (fund as well as non-fund based) and not less than 60% of lending institutions by number do not sign ICA within 30 days from the invocation, the invocation will be treated as lapsed. In respect of such borrowers, the resolution process cannot be invoked again under this framework

17. What are the roles of Expert Committee under the Resolution Framework?

The Expert Committee shall also have the responsibility of vetting the resolution plans to be implemented under this window in respect of all accounts where the aggregate exposure of the lending institutions at the time of invocation of the resolution process is Rs. 1500 crore and above. The Committee shall check and verify that all the processes have been followed by the parties concerned as desired without interfering with the commercial judgments exercised by the lenders. The Expert Committee have also prescribed list of financial parameters and the sector-specific desirable ranges for such parameters.

18. When the Resolution Plan would be subjected to Independent Credit Evaluation (ICE) by any one of the credit rating agencies?

Resolution plans in respect of accounts where the aggregate exposure of the lending institutions at the time of invocation of the resolution process is Rs.100 crore and above, shall require an independent credit evaluation (ICE) by any one credit rating agency (CRA) authorized by the Reserve Bank under the Prudential Framework.

PART B – RESOLUTION FRAMEWORK FOR COVID-19 RELATED STRESS (PERSONAL ACCOUNTS)

The moratorium period granted by RBI to ease the financial burden caused by the Covid- 19 pandemic ended on 31st August 2020. To assist borrowers who may further need time and assistance for repayments, RBI has provided a framework to banks & lending institutions to allow a **Onetime restructuring** of loans. Basis the framework and regulatory guidelines, IndusInd bank has framed it's policy for the restructuring of the loan/s of individuals that have been impacted due to the COVID-19 pandemic.

1. What is the purpose of this Resolution Framework?

The purpose of this Framework is to provide relief to borrowers affected by the Covid19 pandemic.

2. What are the eligibility conditions to qualify for relief under the Framework?

To be eligible under the Framework, the following eligibility conditions need to be fulfilled:

- i. Borrower should be Classified as standard and not be in default for more than 30 days with any lending institution as on March 1, 2020
- ii. Borrower should continue to remain as standard across all loans/facilities granted to the customer till the date the request is placed for the restructuring of the loan are eligible
- iii. Borrower should not be declared as RFA / Fraud account/ Non Co-operative/suit filed
- iv. Borrower should be having stress on account of Covid19.

3. Which are the CFD products covered under this framework ?

- i. 2 wheeler loan
- ii. Car loans (Non taxi/ Personal use)
- iii. Affordable Housing loan

4. How will I be assessed for restructuring eligibility ?

The restructuring of the account will be available if your income level has been impacted due to COVID-19. The impact can be assessed on the following criteria:

- i. Pre-Covid track record of the borrower
- ii. Loss of recurring income source due to COVID-19 (reduced
- iii. Stretched liquidity reflecting in the bank accounts of the borrower

5. What documents do I need to provide alongwith application for being considered for relief under this Framework?

Copies of the following documents may be asked for by the RM. On a case to case basis, RM may request for any other document which may be required to prove that the borrower s impacted by Covid-19

- i. Salary slips for the month of Feb 2020 and current/latest salary slip.
- ii. A declaration of estimated salary/income immediately after the end of the desired moratorium period (Maximum 24 months).
- iii. Letter of discharge from job (in case of job loss).
- iv. Account statements of the account where salary is credited in case of salaried employees or statement of Operating Account in case of businessmen/ self-employed/ professionals for the period Feb 2020 till 15 days prior to submission of application.
- v. Declaration by self-employed professionals/ businessmen declaring that their business is affected by Covid-19.
- vi. Any other document as advised by your Branch/Relationship Manager

6. How to apply for relief under above Framework ?

You may contact your nearest CFD branch/ CFD representative in the closest branch.

7. What are the various restructuring options available under this framework?

The balance tenure of the loan can be extended by a further period of a maximum of 24 months to ease your monthly EMI repayment burden. The Bank at its sole discretion will review and approve/decline your choice of restructuring the loan. Restructuring under the scheme is allowed only once.

8. One of my loan accounts at your bank is irregular for more than 30 days as on 01.03.2020. Can I opt for relief under this Framework for other loan account which was standard and met the eligibility criteria as per clause 2 above?

No, as no loan across all lending institutions should be more than 30 days past due: ie., Overdue with any institution should not exceed 30 days.

9. Will there be any processing fees or charges if I restructure my loan?

The bank may levy a fee for the restructuring of existing loan accounts. The applicable charges will be payable upfront. There will also be an increase in the rate of interest by maximum of 0.50% from the existing ROI.

10. I hold multiple loans/credit facilities with the bank. Do I have to apply separately for each of these loans?

The restructuring application form shall have the option to apply for one or all the loans by a single application. The bank shall assess the application and approve the resolution plan based on the guidelines provided by RBI and bank's internal policy.

11. My loan was taken along with a co-borrower/s. Will all the co-borrowers of the original Loan agreement be required to sign the revised restructuring agreement?

As per regulatory and legal requirements, all borrowers/co-borrowers of the original loan need to agree and sign on any changes in the loan structure including the restructuring agreement.

12. What is the last date to apply for relief under the Framework?

Resolution under this framework may be invoked not later than December 31, 2020 and must be implemented within 90 days from the date of invocation.

13. What is the timeline for Implementation of Resolution Plan?

Please note that your loan can be restructured only once and multiple requests will not be acceded to.

Timeline	Date
Last date for invocation	December 31, 2020
Last date for implementation of the Resolution Plan	Within 90 days of invocation

14. I have availed of the restructuring facility, however I now need to change the terms, can I request for a restructure again?

No, a customer cannot place another request for a loan that is restructured once already

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15. Will opting for the restructuring package have an impact on my credit bureau/CIBIL report?

As per regulatory guidelines, your loan/credit facility will be reported to the credit bureau as “Restructured”. There will be an impact in the Bureau score for account reported as restructured. The quantum of impact will depend on the tradeline of individual accounts.

PART C – Frequently Asked Questions - RESOLUTION FRAMEWORK FOR COVID-19 RELATED STRESS (MSME Borrowers)

1. What is the purpose of this Resolution Framework?

The purpose of this Framework is to provide relief to MSME units who otherwise have a good track record, but whose operations have been adversely affected by the Covid-19 pandemic and their debt burden becoming disproportionate relative to their cash flow generation abilities.

2. What are the eligibility conditions for my unit to qualify for relief under the Framework?

To be eligible under the Framework, the following eligibility conditions need to be fulfilled:

- i. The aggregate exposure, including non-fund based facilities, of banks and NBFCs to the borrower does not exceed ₹25 crore as on March 1, 2020
- ii. Borrower should be Classified as standard as on March 1, 2020 (should not have been classified as NPA)
- iii. Borrower should not be declared as RFA / Fraud account/ Non Co-operative
- iv. The restructuring of the borrower account is implemented by March 31, 2021.
- v. The borrowing entity is GST-registered on the date of implementation of the restructuring. However, this condition will not apply to MSMEs that are exempt from GST-registration. This shall be determined on the basis of exemption limit obtaining as on March 1, 2020
- vi. Borrower unit's operations should have been affected by Covid-19 pandemic as a result of which their cash flows/revenues have declined significantly and are not in a position to service loan instalments/ debt.
- vii. The borrower has not availed any other restructuring package earlier with us.

The restructuring of the scheme is allowed one time only. The accounts already restructured under the earlier circulars issued by RBI on 1st January, 2019 and 11th February, 2020 shall be ineligible for restructuring under these guidelines

3. Which are the CFD products covered under this framework?

The below loan products availed by Self-employed individuals/entities falling under the MSME category as per the revised guidelines for MSME classification rolled out by the Government of India and tagged as MSME in the bank's book will be covered under this framework

- i. Term loan on commercial vehicles and Construction equipment
- ii. Term loan on Small commercial vehicles
- iii. Car loans (Commercial purpose/ Taxi)

4. What documents do I need to provide alongwith application for being considered for relief under this Framework?

- i. MSME Certificate Proof- Udyam Registration Certificate
- ii. Board Resolution (in case of Companies) stating that the Company's operations are under stress on account of Covid-19. In case of other applicants, an undertaking, that unit's operations are under stress on account of COVID-19.
- iii. Last 12 months GST returns along with GST Reg Certificate. If GST is not applicable/exempted, CA certificate to confirm the same along with CA certified sales figure for last 12 months. For individual borrowers where turnover less than exempt level declaration/bank statement to be taken
- iv. In case of listed companies, the latest financials filed with Stock Exchanges to be submitted.
- v. 12 months bank statement of primary banker –including the period March to August
- vi. Cash budget and projected financials for the period of loan.
- vii. Latest KYC of the entity and signature proof of co-applicant
- viii. Form26AS for AY 2020-21 and 2021-22

ix. Any other document as advised by your Branch/Relationship Manager

5. How to apply for relief under above Framework ?

You may contact your nearest CFD branch/ CFD representative in the closest branch.

6. What are the various restructuring options available under this framework?

The tenure of existing loans can be extended by maximum of 2 years from the date of implementation of restructuring. This may exceed the normal tenure given in the product parameters.

7. Will there be any processing fees or charges if I restructure my loan?

The bank may levy a fee for the restructuring of existing loan accounts. The applicable charges will be payable upfront. There will also be an increase in the rate of interest by maximum of 0.50% from the existing ROI.

8. What shall be the terms of restructuring?

The terms of restructuring, including revised facility structure, will also incorporate pricing, additional security/guarantees, payment of processing charges etc as per Bank's norms

9. I hold multiple loans/credit facilities with the bank. Do I have to apply separately for each of these loans?

The restructuring application form shall have the option to apply for one or all the loans by a single application. The bank shall assess the application and approve the resolution plan based on the guidelines provided by RBI and bank's internal policy.

10. Will opting for the restructuring package have an impact on my credit bureau report?

As per regulatory guidelines, your loan/credit facility will be reported to the credit bureau/ CRILC as "Restructured". Restructuring has to be reported at a borrower level to the credit bureaus and hence all the facilities / loans of the borrower with the bank will be classified and reported as "Restructured" even if the borrower has taken restructuring for only one loan.

11. My loan was taken along with a co-borrower/s. Will all the co-borrowers of the original Loan agreement be required to sign the revised restructuring agreement?

As per regulatory and legal requirements, all borrowers/co-borrowers of the original loan need to agree and sign on any changes in the loan structure including the restructuring agreement. In cases wherein there is no personal guarantor / co-borrower (individuals) available in the existing security structure, in such cases, personal guarantees of key promoters needs to be obtained

12. What is the timeline for completing the restructuring?

The restructuring of the borrower account is implemented by March 31, 2021

A restructuring would be treated as implemented if the following conditions are met:

- i. All related documentation, including execution of necessary agreements between lenders and borrower / creation of security charge / perfection of securities are completed by all lenders; and
- ii. the new capital structure and / or changes in the terms and conditions of the existing loans get duly reflected in the books of all the lenders and the borrower.