

## IndusInd Bank Ltd

### Resolution Framework for COVID-19-related Stress

Reserve Bank of India (RBI), vide its circular no. RBI/2020-21/16/ DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6<sup>th</sup>, 2020, has issued guidelines towards “**Resolution Framework for COVID-19-related Stress**” that provides a one-time window under the Prudential Framework to enable lenders to implement a resolution plan in respect of the following eligible borrowers having stress on account of Covid19, subject to specified conditions for resolution of loan/debt of borrowers

1. Corporate and other borrowers
2. Personal and other retail products

Besides above, RBI has also extended the restructuring window for MSME borrowers, who are having stress on account of Covid19, in terms of its circular RBI/2020-21/17/ DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6<sup>th</sup>, 2020

In accordance with RBI guidelines, the Bank has put in place detailed Board approved policy for restructuring/resolution of loan/debt, subject to detailed evaluation and assessment of future income/cash flows to meet timely repayment under restructured terms, of eligible borrowers having stress on account of Covid-19

All the eligible borrowers may apply to Bank for restructuring of its loan/debt through the following mechanisms:

1. **Corporate and MSME borrowers** may contact its respective Relationship Manager for submission of application for Restructuring
2. **For Credit Cards and Personal Loans** - Please call our helpline number 1860 267 7777 to request for the restructuring of your loan. A dedicated link will also be created on our website for this shortly
3. **For Vehicle Finance Portfolios** – Pl refer a separate FAQs hosted in this regard.

The decision to Restructure would be subject to detailed assessment and compliance to RBI/Bank’s Board approved norms and the decision would rest with the Bank.

Please refer to the following Annexures for Frequent Asked Questions (FAQs) related to Resolution/Restructuring framework (other than vehicle finance borrowers):

- **Annexure I** – Resolution Framework for COVID-19-related Stress for Corporate and other borrowers
- **Annexure II** – Resolution Framework for COVID-19-related Stress for MSME advances
- **Annexure III and IIIA** - Resolution Framework for COVID-19-related Stress for Personal loans and other retail assets

**Resolution Framework for COVID-19-related Stress for Corporate and other borrowers-  
Frequently Asked Questions (FAQs)****1. What is the objective of RBI's Resolution Framework?**

The objective of the Resolution Framework is to provide relief to the eligible borrowers whose loan/debt repayment capability has been impaired due to Covid 19 pandemic but can have long term viability and ability to generate cash flows/earn revenues towards repayment of loans/debt within the ambit of Resolution framework

**2. What are the eligibility criteria for availing restructuring under the framework?**

The following eligibility conditions have to be fulfilled:

- i The loan should be a "Standard Account" as on date of application/invocation and should have been 'Standard' and also not in default for more than 30 days as on 01.03.2020.
- ii. The cash flows/operations have to be affected by Covid-19 pandemic as a result of which the repayment capability is substantially impaired

**3. Whether all types of loans are covered within the purview of Resolution Framework?**

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 Annexure III and IIIA)
- ii. Other categories excluded are given 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 Annexure II)
  - 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.
  - 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.

#### 4. 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

#### 5. What are the documents to be submitted for making an application for restructuring?

The following documents have to be submitted along with the application request for restructuring:

- Past financials (3 years) and projected financials for next 3 years
- GST returns and key financial numbers till date.
- Any other documents as advised by the Relationship Manager/Bank

#### 6. What is the applicability of guidelines under Consortium/Multiple Banking?

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

#### 7. 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.

#### 9. 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

## **10. What are the reliefs/relaxations available under the framework?**

The lending institutions may allow extension of the residual tenor of the loan, with or without payment moratorium, by a period not more than two years. The moratorium period, if granted, shall come into force immediately upon implementation of the resolution plan

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

## **11. 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

## **12. 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

## **13. 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

**Resolution Framework for COVID-19-related Stress for MSME advances-  
Frequently Asked Questions (FAQs)**

**1. What are the eligibility conditions for resolution for MSME borrowers?**

The resolution under the framework can be availed only by the borrowers which are in financial difficulties created by COVID-19 and have requested bank to re-structure the credit facilities / loans to re-align the repayments in line with expected cash flows

Accordingly, existing loans to MSMEs classified as 'standard' may be restructured subject to the following conditions:

- 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. The borrower's account was a 'standard asset' as on March 1, 2020.
- iii. The restructuring of the borrower account is implemented by March 31, 2021.
- iv. 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.

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

The restructuring of the borrower account is implemented on or before March 31, 2021. A restructuring would be treated as implemented if the following conditions are met:

- 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
- 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.

**2. What shall be the terms of restructuring?**

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

**3. What are the documents to be submitted for making an application for restructuring?**

The following documents have to be submitted along with the application request for restructuring:

- Application in the prescribed format
- Board approved resolution ( undertaking in case of non-incorporated entity ) specifying the borrower/company's revenue/cash flows has been impacted by Covid-19 thereby impairing its ability to repay loan/debt
- Udyam Registration Certificate
- Updated Financials with Projections & Bank statements
- GST returns
- Any other documents as advised by the Relationship Manager/Bank

**4. What are the timelines for restructuring?**

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The restructuring of the borrower account is implemented on or before March 31, 2021. A restructuring would be treated as implemented if the following conditions are met:

- 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
- 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.

**Resolution Framework for COVID-19-related Stress for Personal Loans –  
Frequent Asked Questions (FAQs)**

**1. What is the restructuring scheme approved by RBI?**

The moratorium period granted by RBI to ease the financial burden caused by the Covid- 19 pandemic ended on 31<sup>st</sup> 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 its policy for the restructuring of the loan/s of individuals that have been impacted due to the COVID-19 pandemic.

**2. Who is eligible for restructuring?**

- a) Loan accounts that are classified as Standard, but not in default for more than 30 days as on March 1, 2020 and 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.
- b) The customer who has been impacted financially by the COVID-19 pandemic in the form of reduction/ loss of income or cash flows. The customer will have to submit the supporting documents as required, to enable the Bank to review the viability of the customer to pay the restructured EMIs, before granting the restructuring

**3. How do I avail the restructuring benefit on my loan?**

Please call our helpline number 1860 267 7777 to request for the restructuring of your loan. A dedicated link will also be created on our website for this shortly

**4. What are the restructuring options that are available to me?**

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.

**5. Do I need to submit any documents to avail of the restructuring benefit?**

The bank will require you to submit documents giving details about the current status of your employment or business. Documents such as bank statement may be required. In addition, the borrower will have to submit an [application cum undertaking](#), which will give the Bank the borrower's explicit consent to restructure the loan.

**6. 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.

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

The bank may levy a fee if you choose to restructure your loan.

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

Yes, you will have to request for the restructuring individually for each loan/credit facility that you have with the Bank

**9. Can I apply for restructuring now as was not able to/did not apply for moratorium before?**

The customer can request for restructuring of the loan irrespective of whether he has availed of the moratorium or not. The request however will be reviewed within the framework provided by RBI for such restructuring requests and will be approved or declined accordingly.

**10. 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 undertaking?**

As per regulatory and legal requirements, all borrowers/co-borrowers of the original loan need to agree and sign on the pre designed undertaking provided by the Bank.

**11. 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

**12. If I choose to avail of the moratorium facility as part of the restructuring request, can I make any payment towards my loan?**

Yes, you can make a payment towards your loan by visiting <https://www.indusind.com/loanemipayments.html>. The amount paid will be remitted to the loan account as pre-payment and the same will be adjusted against the principal amount of the loan. No pre-payment charges will be recovered.

**13. Is there a time frame stipulated by when I can submit the request for restructuring?**

You can place a request to restructure your loan on or before December 31, 2020. Please note that your loan can be restructured only once and multiple requests will not be acceded to.



**Resolution Framework for COVID-19-related Stress for Credit Cards –  
Frequent Asked Questions (FAQs)**

**2. What is the restructuring scheme approved by RBI?**

The moratorium period granted by RBI to ease the financial burden caused by the Covid- 19 pandemic ended on 31<sup>st</sup> 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 outstanding on the credit cards of individuals that have been impacted due to the COVID-19 pandemic.

**2. Who is eligible for restructuring?**

- b) Credit card accounts that are classified as Standard, but not in default for more than 30 days as on March 1, 2020 and 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.
- b) The customer who has been impacted financially by the COVID-19 pandemic in the form of reduction/ loss of income or cash flows. The customer will have to submit the supporting documents as required, to enable the Bank to review the viability of the customer to pay the restructured EMIs, before granting the restructuring

**3. How do I avail the restructuring benefit on my credit card?**

Please call our helpline number 1860 267 7777 to request for the restructuring of the outstanding on your credit card. A dedicated link will also be created on our website for this shortly

**4. What are the restructuring options that are available to me?**

On a case to case basis, the bank will assess and provide options for moratorium and/or repayment of the outstanding within a fixed time period, maximum being 24 months all together. Once the customer evinces interest to avail the restructuring, the bank will assess and if approved, provide options for restructuring.

**5. Do I need to submit any documents to avail of the restructuring benefit?**

The bank will require you to submit documents giving details about the current status of your employment or business. Documents such as bank statement may be required. In addition, the borrower will have to submit an [application cum undertaking](#), which will give the Bank the borrower's explicit consent to restructure the outstanding on the credit card.

**6. 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.

**7. Will there be any processing fees or charges if I restructure the outstanding on the credit card?**

The bank may levy a fee if you choose to restructure your outstanding.

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

Yes, you will have to request for the restructuring individually for each loan/credit facility that you have with the Bank

**9. Can I apply for restructuring now as was not able to/did not apply for moratorium before?**

The customer can request for restructuring irrespective of whether he has availed of the moratorium or not. The request however will be reviewed within the framework provided by RBI for such restructuring requests and will be approved or declined accordingly.

**10. 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 credit card outstanding that is restructured once already

**11. If I choose to avail of the moratorium facility as part of the restructuring request, can I make any payment towards my credit card?**

Yes, you can make a payment towards the outstanding on your credit card through any of the payment modes available. Please visit [indusind.com](http://indusind.com) for details.

**12. Is there a time frame stipulated by when I can submit the request for restructuring?**

You can place a request to restructure your outstanding on or before December 31, 2020. Please note that your credit card outstanding can be restructured only once and multiple requests will not be acceded to.