



BHARATI SAHAKARI BANK LTD., PUNE

Date: 15 .05.2021.

Policy for Implementation of Resolution Framework-2.0 Resolution of Covid-19 Related Stress

I. For loans sanctioned under personal loans, loan and advances to individuals for business purposes whose aggregate limit from banking system does not exceed Rs. 25.00 crores as on 31.03.2021.

In terms of RBI circular RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 have provided a window to enable lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans subject to various conditions spelt out in the circular. Similarly in terms of circular RBI/2021-22/31 OR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 guidelines on extending the benefit of resolution of Covid-19 related stress of Micro, small and Medium Enterprises (MSMEs) are issued.

A. In terms of the aforesaid guidelines of RBI, bank will extend the benefit of resolution framework-2.0 resolution of covid-19 related stress to eligible corporate exposures without change in ownership, and personal loans subject to various conditions spelt out in the circular.

a. Eligible borrowers

1. Individuals who have availed personal loans (as defined in XBRL Returns) excluding the credit facilities provided by the bank to their staff.
2. Individuals who have availed of loans and advances for business purposes and to whom the lending institutions have aggregate exposure of not more than Rs. 25 crores as on 31.03.2021.
3. Small businesses, including those engaged in retail and wholesale trade, other than those classified as Micro, Small and Medium Enterprises as on 31.03.2021 and to whom the lending institutions have aggregate exposure of not more than Rs. 25 crores as on 31.03.2021.
4. Provided that, the borrower accounts /credit facilities shall not belong to the categories listed in sub-clauses (a) to € of clause @ of the Annex

to the Resolution Framework 1.0, read with reference to SI.No. 2 of FAQs on Resolution framework for Covid-19 related stress (Revised on 12.12.2020).

5. Provided further that, the borrower's accounts should not have availed of any resolution in terms of the Resolution Framework-1.0 subject to the special exemption mentioned in Clause 22 of RBI circular RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021.
5. Provided further that the credit facilities / investment exposure to the borrower was classified as Standard by the Bank on as on 31.03.2021.

B. Invocation of Resolution Process

1. The decision on the applications received will be communicated in writing to the applicants within 30 days of receipt of such applications.
2. The decision to invoke the resolution process under this window shall be taken by bank independent of any invocation decisions taken by other lending institutions if any to the borrower.
3. The last date for invocation of resolution permitted under this window is 30.09.2021.

C. Features of Resolution Plans and implementation.

1. The resolution plans implemented under this window may inter alia include rescheduling of payments, conversion of any interest accrued or to be accrued into another credit facility, revisions in working capital sanctions, granting of moratorium etc. based on an assessment of income streams of the borrower. However, compromise settlements are not permitted as a resolution plan for this purpose.
2. The moratorium period, if granted, may be for a maximum of two years, and shall come into force immediately upon implementation of the resolution plan. The extension of the residual tenor of the loan facilities may also be granted to borrowers, with or without payment moratorium. The overall cap on extension of residual tenor, inclusive of moratorium period if any permitted, shall be two years.
3. The instructions contained in the circular DOR.No.BP.BC/13/21.04.048/2020-21 dated September 7, 2020 on "Resolution Framework for COVID-19-related Stress – Financial Parameters" shall not be applicable to resolution plans implemented under this window.
4. The resolution plan should be finalised and implemented within 90 days from the date of invocation of the resolution process under this window. The resolution plan shall be deemed to be implemented only

if all the conditions in Paragraph 10 of the Annex to the Resolution Framework – 1.0 are met.

Asset classification and provisioning

If a resolution plan is implemented in adherence to the provisions of this circular, the asset classification of borrowers' accounts Classified as Standard may be retained as such upon Implementation, whereas the borrowers' accounts which may have slipped into NPA between invocation and implementation may be upgraded as Standard, as on the date of implementation of the resolution plan.

D. Convergence of the norms for loans resolved previously

In cases of loans of borrowers specified in Clause 5 of the circular where resolution plans had been implemented in terms of the Resolution Framework – 1.0, and where the resolution plans had permitted no moratoria or moratoria of less than two years and / or extension of residual tenor by a period of less than two years, Bank will use this window to modify such plans only to the extent of increasing the period of moratorium / extension of residual tenor subject to the caps. overall caps on moratorium and / or extension of residual tenor granted under Resolution Framework – and this framework combined, shall be two years.

Working capital support for small businesses where resolution plans were implemented previously

In respect of borrowers specified at sub-clauses (b) and (c) of Clause 5 above where resolution plans had been implemented in terms of the Resolution Framework – 1.0, , as a one-time measure, would review the working capital sanctioned limits and / or drawing power based on a reassessment of the working capital cycle, reduction of margins, etc. without the same being treated as restructuring. The decision with regard to above shall be taken by bank by September 30, 2021, with the margins and working capital limits being restored to the levels as per the resolution plan implemented under Resolution Framework – 1.0, by March 31, 2022.

The above measures shall be contingent on the Bank satisfying that the same is necessitated on account of the economic fallout from COVID-19.

Further, relief under these instructions shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19.

II. For Loans sanctioned under Micro,small and Medium Enterprises(MSMEs)

In view of the uncertainties created by the resurgence of the Covid-19 pandemic in India in the recent weeks, it has been decided to extend the above facility for restructuring existing loans without a downgrade in the asset classification subject to the following conditions:

- (i) The borrower should be classified as a micro, small or medium enterprise as on March 31, 2021 in terms of the Gazette Notification S.O. 2119 (E) dated June 26, 2020.
- (ii) 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 31, 2021.
- (iii) The aggregate exposure, including non-fund based facilities, of all lending institutions to the borrower does not exceed Rs.25 crore as on March 31, 2021.
- (iv) The borrower's account was a 'standard asset' as on March 31, 2021.
- (v) The borrower's account was not restructured in terms of the circulars DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020; DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020; or DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 (collectively referred to as MSME restructuring circulars).
- (vi) The restructuring of the borrower account is invoked by September 30, 2021. For this purpose, the restructuring shall be treated as invoked when the lending institution and the borrower agree to proceed with the efforts towards finalising a restructuring plan to be implemented in respect of such borrower. The decisions on applications received by the

lending institutions from their customers for invoking restructuring under this facility shall be communicated in writing to the applicant by the lending institutions within 30 days of receipt of such applications. The decision to invoke the restructuring under this facility shall be taken by each lending institution having exposure to a borrower independent of invocation decisions taken by other lending institutions, if any, having exposure to the same borrower.(vii) The restructuring of the borrower account is implemented within 90 days from the date of invocation.(viii) If the borrower is not registered in the Udyam Registration portal, such registration shall be required to be completed before the date of implementation of the restructuring plan for the plan to be treated as implemented.

- (vii) In respect of restructuring plans implemented as per Clause 2 above, asset classification of borrowers classified as standard may be retained as such, whereas the accounts which may have slipped into NPA category between April 1, 2021 and date of implementation may be upgraded as 'standard asset', as on the date of implementation of the restructuring plan. 4. In respect of accounts of borrowers which were restructured in terms of the MSME restructuring circulars, lending institutions are permitted, as a one-time measure, to review the working capital sanctioned limits and / or drawing power based on a reassessment of the working capital cycle, reduction of margins, etc. without the same being treated as restructuring. The decision with regard to above shall be taken by lending institutions by September 30, 2021. The reassessed sanctioned limit / drawing power shall be subject to review by the lending institution at least on a half yearly basis and the renewal / reassessment at least on an annual basis. The annual renewal/reassessment shall be expected to suitably modulate the limits as per the then-prevailing business conditions.