



THE PANIPAT URBAN CO-OPERATIVE BANK LTD.

(MULTI STATE BANK)

Head Office: 35 City Centre, 932-935, GT Road, Panipat – 132103

RESOLUTION FRAMEWORK 2.0 POLICY

OPERATING GUIDELINES FOR RESOLUTION FRAMEWORK 2.0 - RESOLUTION OF COVID-19 RELATED STRESS FOR INDIVIDUALS, SMALL BUSINESSES and MSME

RBI vide its circular no. RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 and RBI/2021-22/32 and DOR.STR.REC.12/21.04.048/2021-22 dated 5th May, 2021, has announced certain set of measures and provided a window to enable the lending institutions to implement a resolution plan in respect of the credit exposure of individual borrowers, small businesses and MSME with the objective of alleviating the potential stress on account of resurgence of the COVID-19 pandemic. The resolution plan under this facility is to be extended only to borrower(s) impacted and having stress on account of COVID-19.

Based on this framework and regulatory guidelines issued, the Bank has framed its policy (Framework) for implementing the resolution plan in respect of credit exposure of individuals small businesses and MSME having stress on account of the COVID-19 pandemic.

Eligibility

The following borrowers shall be eligible under these guidelines:

- a. Individuals who have availed of personal loans (as defined in the Circular DBR.No.BP.BC.99/08.13.100/2017-18 dated January 4, 2018 on "XBRL Returns - Harmonization of Banking Statistics"). However, credit facilities provided to own personnel/staff shall not be eligible.
- b. 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 crore as on March 31, 2021
- c. Small businesses, including those engaged in retail and wholesale trade, other than those classified as micro, small and medium enterprises as on March 31, 2021, and to whom the lending institutions have aggregate exposure of not more than Rs. 25 crore as on March 31, 2021.
- d. The borrower 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.

Mandatory Checks for invocation and implementation of the resolution plan

- a.) Borrowers intending to avail the benefit of Resolution framework – 2.0 need to apply through a request letter to their respective branch covering the specific reasons for applying for resolution framework and plan of future cash flows.
- b.) Only borrower which were classified as standard as on March 31st, 2021 will be eligible under this plan.
- c.) The due diligence to be carried out in assessing impact of COVID 19 and eligibility of borrowers.
- d.) Borrowers will not be eligible for resolution under the scheme if credit bureau performance as per appraisal team is not satisfactory.
- e.) Borrowers will not be eligible for resolution under the scheme if code of conduct of borrower is not satisfactory as per record of the concerned branch.

- f.) While Evaluating the proposal the appraisal team may ask for any additional information / documentation like ITR/Balance sheet/Project report which pertains to the borrowers' cash flows (including current or future), obligations and/or employment / business related. Verification of employment / business can also be conducted, wherever required
- g.) Compromise settlements are not permitted as a resolution plan for this purpose.
- h.) The decision on the application shall be communicated in writing to the applicant by the Bank within 30 days of receipt of the application
- i.) Last date of invocation of resolution is September 30, 2021.
- j.) 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.
- k.) 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.
- l.) 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.
- m.) Bank reserves the right to seek additional documents / information/ additional security in connection with the Application made for implementing the resolution plan under the Resolution Framework 2.0.

Resolution variants

- a) Granting of principle repayment Moratorium,
- b) Rescheduling of Installment without any moratorium,
- c) Conversion of any interest accrued, or to be accrued, into another credit facility in case of cash credit limit, without any moratorium
- d) Revisions in working capital sanctions, based on an assessment of income streams of the borrower, without any moratorium

The above is subject to a maximum increase in loan tenure by two years.

The moratorium period, if granted, shall come into force immediately upon implementation of the resolution plan.

Asset Classification and provisioning

- a) In respect of restructuring plans implemented under this guidelines, 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.
- b) The provisions in relation to loans covered under these guidelines will be in accordance with accounting policy approved in this regard, which at the minimum will be compliant with the extant RBI circulars / regulations as applicable from time to time.

Disclosures:

This will be in accordance with extant RBI stipulations.