

The following are the policy guidelines adopted by Bank with regard to implementation of the Resolution Framework as per the Board approved policy of the Bank.

RBI vide notification Vide notification [DOR.STR.REC.12/21.04.048/2021-22](#) dated 05.05.2021 issued guidelines with regard to Resolution Framework 2.0 - Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs).

**Resolution Framework 2.0: Resolution of COVID-19 related stress of Micro, Small and Medium enterprises (MSMEs) as per RBI Notification dated 05.05.2021**

<b>A. Restructuring of existing MSME borrower accounts under the scheme</b>	
<b>Eligibility and Applicability</b>	<ul style="list-style-type: none"> <li>➤ The credit facility / investment exposure to the borrower shall be standard as at 31.03.2021 and not restructured previously.</li> <li>➤ Unit should be under stress on account of COVID-19 economic fallout and should be viable for considering under the resolution plan.</li> <li>➤ The borrower should be classified as a Micro, Small or Medium Enterprises on March 31, 2021 in terms of the Gazette Notification S.O. 2119 E dated June 26, 2020</li> <li>➤ 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.</li> <li>➤ 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 obtained as on March 31, 2021</li> <li>➤ 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.</li> <li>➤ Restructuring of the borrower account is invoked by September 30, 2021.</li> <li>➤ The restructuring of the borrower account is implemented within 90 days from the date of invocation.</li> <li>➤ Accounts which may have slipped in to NPA category between April 1, 2021 and date of implementation may be</li> </ul>

	<p>upgraded as ‘standard asset’, as on the date of implementation of the restructuring plan.</p>
<p><b>Restructuring process under Resolution Framework 2.0 for MSMEs</b></p>	<p><b>The resolution plans consists of the following:</b></p> <ul style="list-style-type: none"> <li>➤ Rephasing / Rescheduling the repayment in case of an outstanding term loan with or without change in balance repayment period/installments.</li> <li>➤ Conversion of irregularities or a portion in outstanding working capital limits into <b>WCTL</b> (Working Capital Term Loan)/ <b>FITL</b> (Funded Interest Term Loan) payable over a period.</li> <li>➤ Rescheduling the payment of interest outstanding/accruing on term loans into FITL/ deferment or conversion into FITL/debentures/ equity.</li> </ul>
<p><b>B. Early Re-assessment of the Working Capital limits based on relaxed norms, extended to such MSME borrowal accounts that have already been restructured in terms of MSME Restructuring Circulars issued before</b></p>	
<p><b>Eligibility and Applicability</b></p>	<ul style="list-style-type: none"> <li>• The facility is permissible to such eligible MSME borrower accounts (in terms of <b>Working Capital facilities only</b>) that have already been restructured previously.</li> <li>• Under the facility, Bank may consider review of 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, in respect of accounts that have already been restructured in terms of the MSME Restructuring Circulars of Bank.</li> </ul> <p>The early reassessment benefits may be imparted to the MSME borrowal accounts, subject to compliance of the following:</p> <ul style="list-style-type: none"> <li>• The above measures shall be contingent on the lending institutions satisfying themselves that the same is necessitated on account of the economic fallout from Covid-19.</li> <li>• The decision with regard to above shall be taken by lending institutions by September 30, 2021.</li> <li>• MSMEs should have obtained a valid ‘Udyam Registration Certificate and their borrowal account should be ‘standard’ on the date of sanction and disbursement, for the re-assessed limits</li> </ul>

**Salient features in respect of the early Working Capital Re-assessment facility under Resolution Framework 2.0 to MSMEs**

- Bank may consider additional funding in terms of Working Capital facilities as per re-assessed limits based on relaxed norms.
- Relaxed norms on stipulation of margin and arrival of drawing power on the Working Capital facilities.
- Security Coverage linked to the re-assessed credit facilities:
  - **Primary Security:** Hypothecation charge on the current assets both present and future.
  - **Collateral Security:** Extension of Charge over the existing Collateral Security.
  - **CGTMSE Coverage:** Eligible accounts shall be covered under CGTMSE as per extant guidelines.

(all existing securities to continue)

Security/Other Comforts perfection to be ensured prior to release of any additional WC limits sanctioned under this scheme.

Above information is gist of the Resolution Framework 2.0 implemented by Bank for MSMEs, which are subject to RBI/Bank's guidelines in the matter. Customers are requested to contact their branch for further details.

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