

**JALGAON JANATA SAHAKARI BANK LTD., JALGAON**

117/119, Navi Peth, "Seva", Head office, Jalgaon.

**The following are the policy guidelines adopted by Bank with regard to implementation of the Resolution Framework 2.0 as per the Board approved policy of the Bank**

In view of the prolonged COVID pandemic, the economic fallout has led to significant financial stress for borrowers across the board. RBI vide notification RBI circular RBI/2021-22/47 DOR.STR.REC.21/21.04.048/2021-22 dated June 4, 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 04.06.2021**

SN	Particulars	Details
1	<b>Eligibility &amp; Applicability for availing the resolution framework</b>	<ul style="list-style-type: none"> <li>➤ The borrower should be classified as MSMEs as on March 31,2021 (MSME as per Gazette Notification S.O. 2119 (E) dated June 26, 2020. ).</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 obtaining as on March 31, 2021.</li> <li>➤ Borrower having aggregate exposure, including non-fund based facilities, of all lending institutions to the borrower does not exceed ₹25 crore as on March 31, 2021.</li> <li>➤ The borrower's account was a 'standard asset' as on March 31, 2021</li> <li>➤ The borrower's account was not restructured in terms of the circulars               <ul style="list-style-type: none"> <li>a) DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020;</li> <li>b) DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020; or</li> <li>c) DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 (collectively referred to as MSME restructuring circulars).</li> </ul> </li> <li>➤ Borrower loan account affected on account of economic fallout from Covid-19.</li> <li>➤ Udyam Registration shall be completed before the date of implementation of the restructuring plan for the plan to be treated as implemented.</li> </ul>
	<b>The following criteria may be considered to establish that the borrower is under stress on account of COVID-19:-</b>	<ul style="list-style-type: none"> <li>➤ Borrower's Unit is shut down, non-operating / operating with low capacity utilization due to non-availability of adequate manpower, non-availability of or inadequate availability of raw materials.</li> <li>➤ Disruption arising out of lockdown, containment zones and other restrictions of Business premise of borrower for long period.</li> <li>➤ Cancellation / deferment of work orders or drop in</li> </ul>

		<p>demand.</p> <ul style="list-style-type: none"> <li>➤ Changes in Government / regulatory policies which affects the continuity of the business.</li> <li>➤ Halting or slow-down of project under implementation,</li> <li>➤ Inadequate transportation facilities for transport of goods / people,</li> <li>➤ Death of key promoter director / managerial personnel due to COVID, which disrupted business decision administration &amp; operations,</li> <li>➤ Non-realization of debtors or elongation of realization period,</li> <li>➤ Any other factors arising due to COVID which has impacted the financial /repayment ability of the borrower.</li> </ul>
2	<b>Restructuring process under Resolution Framework 2.0 for MSMEs</b>	<p><b>The resolution plans consists of the following:</b></p> <ul style="list-style-type: none"> <li>➤ Modification of terms of the advances, which would generally include, among others, alteration of repayment period / repayable amount / the amount of installments / rate of interest (due to reasons other than competitive reasons).</li> <li>➤ Rescheduling the payment of interest outstanding/accruing on term loans into FITL/ deferment or conversion into FITL.</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>➤ Existing Loan Accounts can be restructured and Additional Credit Facilities can be sanctioned to the borrower without downgrade in Asset Classification.</li> </ul>
3	<b>Moratorium Period for Restructured Accounts</b>	<ul style="list-style-type: none"> <li>➤ 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.</li> <li>➤ 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.</li> </ul>
4	<b>Invocation &amp; Implementation</b>	<p><b>Invocation-</b></p> <ul style="list-style-type: none"> <li>➤ The restructuring of the borrower account shall be invoked by September 30, 2021.</li> <li>➤ The decisions on restructuring applications shall be communicated in writing to the applicant by the Bank within 30 days of receipt of such applications.</li> <li>➤ The decision to invoke 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.</li> </ul> <p><b>Implementation-</b></p>

		<ul style="list-style-type: none"> <li>➤ The restructuring of the borrower account is implemented within 90 days from the date of invocation.</li> </ul>						
5	<b>Asset Classification</b>	<p><b>Account Status after 01.04.2021-</b></p> <ul style="list-style-type: none"> <li>➤ If A/c slipped to NPA category between April 1, 2021 and date of implementation, it can be upgraded to 'Standard' as on the date of implementation of restructuring plan.</li> <li>➤ Existing Loan Accounts can be restructured and Additional Credit Facilities can be sanctioned to the borrower without downgrade in Asset Classification.</li> </ul> <p><b>Post Implementation Performance and Asset Classification-</b></p> <ul style="list-style-type: none"> <li>➤ NPA classification of these accounts shall be as per the extant IRAC norms.</li> </ul>						
6	<b>Provision and Reversal of Provision</b>	<p><b>Provision-</b></p> <ul style="list-style-type: none"> <li>➤ Upon implementation of the restructuring plan, bank shall keep provision of 10% of the residual debt of the borrower (residual debt is including non-fund based facilities.).</li> </ul> <p><b>Reversal of Provision-</b> On demonstrating satisfactory performance during specified period as per extant IRAC norms.</p> <ul style="list-style-type: none"> <li>➤ <b>Satisfactory Performance</b> means no payment (interest and/or principal) shall remain overdue for a period of more than 30 days. In case of cash credit / overdraft account, it means that the outstanding in the account shall not be more than the sanctioned limit or drawing power, whichever is lower, for a period of more than 30 days.</li> <li>➤ <b>Specified Period</b> means a period of one year from the commencement of the first payment of interest or principal, whichever is later, on the credit facility with longest period of moratorium under the terms of restructuring package.</li> </ul>						
7	<b>Financial Parameters</b>	Financial Parameters” given under circular DOR.No.BP.BC/13/21.04.048/2020-21 dated September 7, 2020 shall be <b>applicable</b> .						
8	<b>Additional Rate of Interest</b>	<p>Restructuring of advances under Resolution Framework – 2.0, additional interest shall be charged over the existing applicable rate of interest on aggregate loan amount* as under:</p> <table border="1"> <thead> <tr> <th><b>Restructuring Loan Amount</b></th> <th><b>Additional Rate of Interest Charged</b></th> </tr> </thead> <tbody> <tr> <td>Upto 10.00 lakh</td> <td>NIL</td> </tr> <tr> <td>Above 10 Lakh</td> <td>0.50% over the existing applicable rate of interest of aggregate loan amount*.</td> </tr> </tbody> </table> <p>Restructured borrowers may be allowed to restored the Rate of interest as per eligible regular rate (without additional</p>	<b>Restructuring Loan Amount</b>	<b>Additional Rate of Interest Charged</b>	Upto 10.00 lakh	NIL	Above 10 Lakh	0.50% over the existing applicable rate of interest of aggregate loan amount*.
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		<p>ROI applied as mentioned above to Restructuring of advances under Resolution Framework – 2.0) on satisfactory performance** during the specified period*** with adherence to the restructuring conditions during that period.</p> <p><b>*Aggregate Loan amount</b> consist of sanction amount of Cash Credit/Overdraft facility and outstanding amount of Term Loan)</p> <p><b>**Satisfactory Performance</b> means no payment (interest and/or principal) shall remain overdue for a period of more than 30 days. In case of cash credit / overdraft account, it means that the outstanding in the account shall not be more than the sanctioned limit or drawing power, whichever is lower, for a period of more than 30 days.</p> <p><b>***Specified Period</b> means a period of 1 year from the commencement of the first payment of interest or principal, whichever is later.</p>
9	<b>Disclosure and Credit Reporting</b>	<p><b>Disclosure-</b> Bank shall make disclosure in their annual financial statements for restructure accounts as per format proscribed in RBI Circular.</p> <p><b>Credit Reporting-</b> The credit reporting with CICs in respect of borrowers where the resolution plan is implemented under the above scheme, shall reflect the "Restructured on account of Covid 19" status of the account.</p>

Above information is a 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.