Mintifi Finserve Private Limited

Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances.

Approved by	
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Parameter	Particulars

Objective	The Reserve Bank of India vide its circular DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 on "Resolution Framework for COVID-19-related Stress" ("**Resolution Framework – 1.0"**) had provided a window to enable lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as Standard, subject to specified conditions. 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: *(Covered in Credit Assessment criteria)*
Summary of Resolution Framework 2.0	Resolution Framework 2.0 for related stressed assets of individuals, small businesses and MSMEs: - Borrowers who have not availed restructuring under earlier frameworks and are classified as standard as on March 31, 2021 shall be eligible for resolution framework 2.0. - Individuals and small businesses who have restructured under Framework 1.0 – The lending institutions can increase the period of moratorium and extend residual tenor by 2 years. - Working capital limits of small businesses and MSMEs (who have restructured under 1.0) are permitted for review.
Loan Tenor and restructured product	✓ Restructured product that will be offered is Term Loan, with monthly and daily repayment mode as an option. ✓ The restructure offering can be in either of the below forms or combination o Moratorium period o Increase in residual tenor resulting in reduction of instalment due Max Loan Tenure extension will be capped at 24 months, from the date of restructure. (Any exception to this shall be approved at COO level.)
Credit Assessment based on RBI circular as mentioned under Objective tab above.	**<u>Borrower should meet below restructure eligibility criteria as per RBI circular:</u>** For MSMEs - ✓ March 31, 2021 in terms of the Gazette Notification S.O. 2119 (E) dated June 26, 2020. The borrower should be classified as a micro, small or medium enterprise as on ✓ The Aggregate exposure, including non-fund based facilities, of banks

	and NBFCs to the borrower does not exceed Rs.25.0 cr as on March 31, 2021. ✓ The Borrower’s account is classified as ‘Standard Asset’ as on March 31, 2021 ✓ 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. ✓ 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. For Individuals and Small Businesses – ✓ Lending institutions are permitted to offer a limited window to individual borrowers and small businesses to implement resolution plans in respect of their credit exposures while classifying the same as Standard upon implementation of the resolution plan subject to the conditions specified hereafter. ✓ The following borrowers shall be eligible for the window of resolution to be invoked by the lending institutions: ✓ Individuals who have availed of personal loans, excluding the credit facilities provided by lending institutions to their own personnel/staff. ▪ 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. ▪ 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.
Documentation	All related documentations including execution of agreements between lenders and borrowers to be complied.
Provision	For accounts restructured under these guidelines, need to maintain additional provision of 10% over and above the provision already held.