

**WEST END INVESTMENT AND FINANCE
CONSULTANCY PRIVATE LIMITED
(WEIFCPL)**

**RESOLUTION FRAMEWORK 2.0 FOR
COVID-19-RELATED STRESS**

Approval date – 27/05/2021

1. INTRODUCTION

Due to COVID-19 pandemic, the Reserve Bank of India has issued Resolution Framework for COVID-19 Related Stress dated 6th August, 2020 making it applicable to all Non – Banking Financial Companies. The Board had adopted a policy to give effect to the same. In furtherance, the Reserve Bank has now issued Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses dated 05th May, 2021.

The lending institutions have to put in place a Board approved policy detailing the manner in which the evaluation of stress on borrowers may be conducted and the objective criteria that may be applied while considering the resolution plan in each case, subject to the prudential boundaries laid out in the framework. Grievance redressal mechanism of the Company shall be applicable to these borrowers too.

2. VALIDITY PERIOD

Resolution under this framework may be invoked up to and not later than 30th September, 2021 or such other time as may be permitted by RBI in future and must be implemented within a maximum of 90 days from the date of invocation.

3. BORROWERS QUALIFIED FOR RESTRUCTURING

The following borrowers shall be eligible for the window of resolution to be invoked by the lending institutions:

- a) Individuals who have availed of personal loans, excluding the credit facilities provided by lending institutions to their own personnel/staff .
- 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.

Provided that the borrower accounts / credit facilities shall not belong to the following categories –

- MSME borrowers whose aggregate exposure to lending institutions collectively, is Rs. 25 crore or less as on March 1, 2020.
- Farm credit as listed in Paragraph 6.1 of Master Direction FIDD.CO.Plan.1/04.09.01/2016-17 dated July 7, 2016 (as updated), on priority sector lending, or other relevant instructions.
- Loans to Primary Agricultural Credit Societies (PACS), Farmers' Service Societies (FSS) and Large-sized Adivasi Multi- Purpose Societies (LAMPS) for on-lending to agriculture.
- Exposures to financial service providers as in sub-section (17) of Section 3 of the Insolvency and Bankruptcy Act, 2016.
- Exposures to Central and State Governments; Local Government bodies (e.g. Municipal Corporations); and, body corporates established by an Act of Parliament or State Legislature.

Provided further that the borrower accounts should not have availed of any resolution in terms of the Resolution Policy for COVID-19 related stress dated 14th December, 2020 subject to the special exemption mentioned at Point 7 below.

Provided further that the credit facilities / investment exposure to the borrower was classified as Standard by the lending institution as on March 31, 2021.

Other exclusions:

- Borrowers / promoter directors/partners who are classified as wilful defaulters / fraud with any lender shall not be eligible for restructuring relief / additional finance under this policy.
- Borrowers who/which are under insolvency resolution process under Insolvency and Bankruptcy Code (IBC) shall also not be eligible for relief under this policy.

Any resolution plan implemented in breach of the stipulations of this framework shall be fully governed by the Restructuring Policy adopted by the Company.

The framework is broadly divided into 2 parts:

- Framework for Personal Loans
- Framework for Loans other than Personal Loans

For this purpose, 'Personal loans' shall have the same meaning 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". As per this circular, 'Personal loans' refer to loans given to individuals and consist of:

1) Consumer Credit:

This refers to the loans given to individuals, which consists of

- a. loans for consumer durables,
 - b. credit card receivables,
 - c. auto loans (other than loans for commercial use),
 - d. personal loans secured by gold, gold jewellery, immovable property, fixed deposits (including FCNR(B)), shares and bonds, etc., (other than for business / commercial purposes),
 - e. personal loans to professionals (excluding loans for business purposes), and
 - f. loans given for other consumptions purposes (e.g., social ceremonies, etc.).
- Consumption loans do not include loans given to farmers under KCC

2) Education loans,

3) Loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), and

4) Loans given for investment in financial assets (shares, debentures, etc.).

Stipulations for Other exposures (Other than Personal Loans):

Exposures which are not personal loans to individuals as mentioned above, are considered as “other exposures”. This category would also include loans to individuals which are given for business purposes.

Eligibility Norms:

Resolution plans under this framework is provided only to borrowers having stress on account of COVID-19.

The resolution process under this window shall be treated as invoked when WEIFCPL and the borrower agree to proceed with the efforts towards finalising a resolution plan to be implemented in respect of such borrower. In respect of applications received from the customers for invoking resolution process under this window, the assessment of eligibility for resolution shall be completed, and the decision on the application shall be communicated in writing to the applicant within 30 days of receipt of such applications. Standardized templates are given below in Annexures 1 and 2.

The decision to invoke the resolution process under this window shall be taken by WEIFCPL, independent of invocation decisions taken by other lending institutions, if any, having exposure to the same borrower.

Personal Loans:

Individual borrowers impacted by COVID-19 would, inter alia, include those whose activities were adversely affected by income and/ or expense factors like:

- Reduction in salary
- Job loss,
- Drop in income of individuals/ family impacting his/ her repayment capacity,
- Any other factors arising due to COVID (which has impacted the financial/ repayment ability of the borrower or the family – Ex: Hospitalisation expenses)

Other Exposures impacted by COVID:

In case of exposures other than personal loans as well, resolution plans for eligible borrowers under this framework is provided only to the borrowers having stress on account of COVID-19. Borrowers impacted by COVID-19 would include those whose business activities have been adversely affected by factors like –

- Cancellation / deferment / re-scheduling of orders/drop in demand
- Changes in government/ regulatory policies
- Disruption arising out of lockdown, containment zones and other restrictions
- Shutdown of unit / work place,
- Non-availability of adequate manpower,
- Non-availability or inadequate availability of inputs/raw materials required for business activity,
- Halting or slow-down of project under implementation,
- Inadequate transportation facilities for transport of goods / people,
- Death of key promoter director / managerial personnel due to COVID, which disrupted business decision administration and operations,

- Non-realization of debtors or elongation of realization period,
- Any other factors arising due to COVID (which has impacted the financial /repayment ability of the borrower).

4. FEATURES OF THE RESOLUTION PLAN

Part A – Personal Loans

The provisions are as follows:

a) Reliefs available:

The resolution plan for personal loans may involve rescheduling of some, or all payments, conversion of any interest accrued, or to be accrued, into another credit facility, or, granting of moratorium, based on an assessment of income streams of the borrower, post restructuring, subject to a maximum moratorium of two years. 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. However, compromise settlements shall not be governed by this policy.

b) Evaluation of borrowers:

While sanctioning the moratorium period, tenor extension or any additional finance, the following principles may be considered:

- The eligible borrowers would be those whose immediate ability to repay their loans has been impacted on account of COVID-19, but who otherwise has a capability to meet his loan obligations upon being given a tenor extension and/or moratorium up to a maximum of 2 years, within the ambit of extant regulatory guidelines.
- Eligibility parameters to decide on the borrowers who would be eligible for restructuring would, inter alia, include leverage, debt servicing capability, liquidity, past repayment track record, the Credit Information Company score, internal score card, loan to value in case of loans secured against hard collateral, total number loans / credit cards availed, Cheque/ECS bounces in the past etc.
- WEIFCPL will consider a resolution plan, depending on the profile of the customer.

c) Implementation date: Resolution/Restructuring plan has to be implemented within the timeline as specified above. The resolution plan shall be deemed to be implemented only if all of the following conditions are met:

- o All related documentation, including execution of necessary agreements between WEIFCPL and borrower and collaterals provided, if any, are completed in consonance with the resolution plan being implemented;
- o The changes in the terms and conditions of the loans get duly reflected in WEIFCPL's books; and,
- o The borrower is not in default with WEIFCPL as per the revised terms.

Part B – Loans other than Personal Loans

The provisions are as follows:

- ##### **a) Reliefs available:**
- The resolution plan may include any action specified in the RBI's Prudential Framework for Resolution of Stressed Assets and covered in WEIFCPL's Resolution of Stressed Assets and Recovery Policy. The Resolution Plan (RP) may involve any action / plan / reorganization including, but not limited to, regularization of the account by payment of all over dues by the borrower entity, sale of the exposures to other entities / investors, change in ownership and restructuring. The

RP may also include sanction of additional credit facilities to address the financial stress of borrowers even if there is no renegotiation of existing debt. 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. However, compromise settlements shall not be governed by this policy.

b) Financial evaluation: While undertaking restructuring, the financial parameters laid by the Expert Committee (of RBI) shall be complied with, as a minimum requirement. Restructuring of loans and/or additional finance shall be subject to evaluation of adequate repayment capacity over the restructured tenor. The following broad principles may be considered.

- Each business segment/group may lay down eligibility parameters in their Operating guidelines to decide on the borrowers who would be eligible for restructuring.
- The eligible borrowers would be those whose immediate ability to repay their loans would have been impacted on account of COVID, but who otherwise have a capability to meet their loan obligations, by giving them a tenor extension and/or moratorium upto a maximum of 2 years, within the ambit of extant regulatory guidelines.
- The parameters to decide the eligible borrowers and extent of reliefs would be based on factors such as leverage, debt servicing capability, liquidity, their past repayment track record, etc.
- WEIFCPL will consider a resolution plan, depending on the profile of the customer.
- In case of sole lending relationships, the eligibility norms to decide on the borrowers eligible for restructuring would be specified in the Operating guidelines.

c) Implementation date:

- Resolution plan has to be implemented within timeline as specified above. The resolution plan shall be deemed to be implemented, in respect of borrowers, other than individual borrowers, only if all of the following conditions are met:
 - o All related documentation, including execution of necessary agreements between lending institutions and borrower and collaterals provided, if any, are completed by the lenders concerned in consonance with the resolution plan being implemented (applies in case of restructuring);
 - o The changes in the terms of conditions of the loans get duly reflected in the books of the lending institutions (applies in case of restructuring);
 - o The borrower is not in default with any of the lenders.
 - o In respect of loans given to individuals for business purposes, the norms as applicable for personal loans would apply for considering whether the resolution plan is deemed to be implemented

5. ASSET CLASSIFICATION AND PROVISIONING

1. 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.
2. The subsequent asset classification for such exposures will be governed by the criteria laid out in the extant Income Recognition, Asset Classification and Provisioning (IRAC) norms pertaining to Advances.

3. In respect of borrowers where the resolution process has been invoked, the Company may sanction additional finance even before implementation of the plan in order to meet the interim liquidity requirements of the borrower. This facility of additional finance may be classified as 'Standard' till implementation of the plan regardless of the actual performance of the borrower in the interim. However, if the resolution plan is not implemented within the stipulated timelines, the asset classification of the additional finance sanctioned will be as per the actual performance of the borrower with respect to such additional finance or performance of the rest of the credit facilities, whichever is worse.
4. The Company shall keep provisions from the date of implementation, which are higher of the provisions held as per the extant IRAC norms immediately before implementation, or 10 percent of the renegotiated debt exposure of the Company post implementation (residual debt). Residual debt, for this purpose, will also include the portion of non-fund-based facilities that may have devolved into fund-based facilities after the date of implementation.
5. Half of the above provisions may be written back upon the borrower paying at least 20 per cent of the residual debt without slipping into NPA post implementation of the plan, and the remaining half may be written back upon the borrower paying another 10 per cent of the residual debt without slipping into NPA subsequently.
6. *Provided that* in respect of exposures other than personal loans, the above provisions shall not be written back before 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.
7. The provisions required to be maintained under this window, to the extent not already reversed, shall be available for the provisioning requirements when any of the accounts, where a resolution plan had been implemented, is subsequently classified as NPA.

6. POST IMPLEMENTATION PERFORMANCE AND IMPLICATIONS:

The asset classification and other implications post implementation of resolution plan are summarized briefly as follows:

- In case of personal loans for which resolution plan has been implemented, the subsequent asset classification will be governed by the extant IRAC norms. Borrower will become NPA if overdue arises beyond 90 days.
- In case of other exposures, the following stipulations will be applicable:
 - o **'Monitoring period'** is defined as the period starting from the date of implementation of the resolution plan till the borrower pays 10 percent of the residual debt (amount retained by WEIFCPL), subject to a minimum 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.
 - o Where downgraded as above, any upgradation to standard classification shall be subject to implementation of a fresh restructuring under the RBI's Prudential Framework for Resolution of Stressed Assets and specified in WEIFCPL's Resolution of Stressed Assets and Recovery Policy. That is satisfactory conduct has to be demonstrated during the moratorium period.
 - o Upon completion of 'Monitoring period' without getting classified as NPA, the asset classification will be governed by the extant IRAC norms.
 - o The provisions maintained under this COVID resolution framework, to the extent not reversed as per the framework, will be available towards – any additional provisioning requirements arising under framework; or towards

any additional provisioning required under the prudential framework due to delayed implementation of resolution plan.

7. RESTRUCTURED CASES UNDER RESOLUTION POLICY FOR COVID-19 RELATED STRESS DATED 14TH DECEMBER, 2020

In cases of loans of borrowers where resolution plans have been implemented in terms of the Resolution Policy for COVID-19 Related Stress dated 14th December, 2020, 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, WEIFCPL may modify such plans only to the extent of increasing the period of moratorium / extension of residual tenor subject to the caps in this policy, and the consequent changes necessary in the terms of the loan for implementing such extension. The overall caps on moratorium and / or extension of residual tenor granted under Resolution Policy for COVID-19 Related Stress and this policy combined, shall be two years. For loans where modifications are implemented in these lines, the instructions regarding asset classification and provisioning shall continue to be as per the Resolution Policy for COVID-19 Related Stress.

8. DISCLOSURES AND REPORTING:

- a) WEIFCPL shall disclose in the annual financials Formats A and B given in Annexure 3 below. Format B shall be disclosed till the relevant exposures (where the COVID resolution plan is implemented) are fully extinguished or slip into NPA status, whichever is earlier. This format covers the data on exposures under standard classification due to implementation of resolution plan under this framework, amount written-off in the period, amount repaid by borrowers, amount that slipped into NPA, etc.
- b) The credit reporting by in respect of borrowers where the resolution plan is implemented under Part A of this window shall reflect the “restructured due to COVID-19” status of the account. The credit history of the borrowers shall consequently be governed by the respective policies of the credit information companies as applicable to accounts that are restructured.

Annexure - 1**One-Time Restructuring Request cum Application Letter
(For Salaried / Self Employed Borrowers)**

Date:

To,
West End Investment and Finance Consultancy Pvt. Ltd.,

Dear Sir/ Madam,

Subject: One-Time restructuring request - Loan account no.: _____ in
the name of _____
_____ (Name/s applicant/s).

I/We hereby request you to restructure my following loan account/s linked to Loan account
no. _____ under the guidelines issued by RBI for
Resolution Framework 2.0 for COVID-19 related stress guidelines.

Loan Details:

S. No.	Account No.	Type of Loan	Loan Amount (Rs.)

Reason for restructuring request in detail (provide documents mentioned in Annexure I)

Kindly opt for the period of moratorium (6/12/18/24 Months) : _____

Kindly opt for the period of restructuring (6/12/18/24 Months) : _____

**Note – total period of restructuring and moratorium cannot exceed 24 months*

Other Information:**1. Details of Income**

Income (per month)	Applicant		Co-Applicant		Co-Applicant	
	Up to March 2021	As on date	Up to March 2021	As on date	Up to March 2021	As on date
Net salary/ income						
Other income such as rent, interest, etc.						

2. Other ongoing loans as on the date of application (Status as on March 31, 2021):

Name Bank / FI	Type of Loan	Loan / Limit Amount	EMI (Rs.)	Moratorium Availed (Y/N)	Repayment Bank A/c	Security	Applied for restructuring (Y/N)

(Please attach separate Annexure if there are more than 3 loans)

3. Other fixed monthly expenses e.g., Rent etc. (if any, please specify)

Type of expense	Up to March 31, 2021	As on date

I/We hereby also confirm that my/our employment and earnings has been impacted by the economic fallout from COVID-19 related stress, which has affected my ability to repay the loan in short term.

Declaration:

I/ We declare that the information and date furnished by us to WEIFCPL are true and correct. We undertake that:

- CIBIL and any other agency so authorised may use, process the said information and data disclosed by WEIFCPL in the manner as deemed fit by them; and
- CIBIL and any other agency so authorised may furnish for consideration, the processed information and data disclosed or product thereof prepared by them, to Bank/Financial Institution and any other Credit Grantors or Registered Users, as may be specified by RBI in this behalf.
- WEIFCPL's decision will be final and binding.

d) WEIFCPL will charge a one – time restructuring fee of Rs. 2,500/- plus GST in case my/our request is approved by WEIFCPL.

I/We hereby agree to provide / execute all the documents as may be required by WEIFCPL.

Yours Sincerely,

Name of the Borrowers

Signature of the Borrowers

Place: _____

Date: _____

Indicative List of Documents to be enclosed with the application

S. No.	Particulars
1.	KYC documents of borrower/s, guarantors (Voter ID, Passport, Driving License, UID)
2.	Bank statements for last 12 months for all loan applicants
3.	Latest salary slips with banking reflection/ Business income proof
4.	Latest 2 years IT returns and Form 16 for latest year/ Form 26 AS for FY.19-20 and F.Y. 20-21 till date
5.	Any other documentary evidence demonstrating the effect on salary / income in case of Job Loss/ salary cut / deferment or slowdown of business / reduction in cash flows

Note:

All the documents should be self-attested

Annexure 2

(On the Letter Head of WEIFCPL)

(To be issued in Duplicate)

Letter Reference No. _____

Date: _____

To, _____

(Borrower's Name & Address)

Dear Sir/ Madam,

Sanction for Restructuring of Credit Facilities: Loan Account No.

With reference to your representation dated _____ for restructuring of your Loan pursuant to the Guidelines/ Instructions issued by Reserve Bank of India (RBI) on Resolution Framework for COVID-19-related Stress, WEIFCPL has considered your request for restructuring based on terms as mentioned herein i.e., subject to your acceptance/ fulfilment of the Terms and conditions. Except as otherwise provided herein this letter, all terms and conditions of the loan facility shall be applicable mutatis mutandis.

We are forwarding this letter in duplicate and shall be glad if you return to us the originals duly signed by you and the guarantors in token of having accepted the Terms & Conditions and retain the duplicate thereof for your record.

Assuring you of our best services at all times.

Yours faithfully,

For **West End Investment and Finance Consultancy Pvt. Ltd.**

Authorized Signatory

Encl.: Terms and Conditions

Annexure 3 - Formats for disclosures to be made in the year ending March 31, 2022**Format - A**

Sr. No.	Description	Individual Borrowers		Small Businesses
		Personal Loans	Business Loans	
1	Number of requests received for invoking resolution process under Part A			
2	Number of accounts where resolution plan has been implemented under this window			
3	Exposure to accounts mentioned at (B) before implementation of the plan			
4	Of (C), aggregate amount of debt that was converted into other securities			
5	Additional funding sanctioned, if any, including between invocation of the plan and implementation			
6	Increase in provisions on account of the implementation of the resolution plan			

Format-B

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year
Personal Loans					
Corporate persons*					

<i>Of which</i>					
<i>MSMEs</i>					
Others					
Total					

** As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016*