

**Policy - COVID-19 – 2.0**

**Restructuring of Lease / Loan Accounts**



**ORIX Leasing & Financial Services India Limited (OLFS)**

(1) **PREAMBLE:**

The economic fallout on account of the resurgence of Covid-19 pandemic has led to significant additional financial stress for borrowers across the board.

The objective of this document includes understanding directions from The Reserve Bank of India (RBI) related to restructuring of loans and basic policy features.

RBI directions are covered in circulars –

- (i) **“Resolution Framework-2.0 for COVID-19-related Stress” of Individuals and small businesses** vide Circular No. DOR.STR.REC.11/21.04.048/2020-22, dated 5<sup>th</sup> May 2021, and



RBI

Notification-Individu

- (ii) **“Resolution Framework-2.0 for COVID-19-related Stress of Micro, Small and Medium enterprises (MSMEs)** vide Circular No. DOR.STR.REC.12/21.04.048/2020-22, dated 5<sup>th</sup> May 2021



RBI

Notification-MSMEs

(2) **BASIC FEATURES:**

The RBI already has a **“Prudential Framework”** regarding restructuring of stressed assets vide circular named **“Prudential Framework for Resolution of Stressed Assets) Directions 2019, dated June 7, 2019”**. To mitigate economic impact due to ongoing COVID pandemic, the RBI has decided to provide a window under the **Prudential Framework** to enable the lenders to implement a resolution, subject to specified conditions –

- (a) The lending institutions shall ensure that the resolution under this facility is extended only to borrowers/lessees having stress on account of Covid19.
- (b) The lending institutions will be required to assess the viability of the resolution plan, subject to the prudential boundaries laid out in the RBI directions.
- (c) Each lending institution shall put in place a Board approved policy, detailing the manner in which such evaluation may be done and the objective criteria that may be applied while considering the resolution plan in each case.

Basis this an approval was sought from ORIX Credit Committee – Tokyo for carrying out restructuring of accounts in OLFS.

(3) **ELIGIBLE CUSTOMER – LOANS/LEASE:**

<b>Customer Category</b>	<b>Limitation</b>
<b>MSME Loans</b>	<ul style="list-style-type: none"><li>• Total borrowing of upto INR 500 Mn (checked from Credit Bureau report)</li><li>• Accounts Should Standard asset as on 31-March-2021</li><li>• The Borrower’s account was not restructured in terms of the circulars “<b>Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances</b>” vide Circular No. DOR.No.BP.BC/4/21.04.048/2020-21, dated 6<sup>th</sup> Aug 2020;DOR.No.BP.BC.34/21.04.048/2019-20 dated Feb 11, 2020; or DOR.No.BP.BC.18/21.04.048/2018-19 dated Jan 1, 2019.</li><li>• The self-employed borrowers to register themselves as MSME on the Government Udyam portal, wherever applicable before implementation of resolution plan</li><li>• Borrower must be GST registered on the date of implementation, unless exempted (Basis his financial dated 31<sup>st</sup> March 2021)</li></ul>
<b>Individual and Small Businesses (Non MSME)</b>	<ul style="list-style-type: none"><li>• Total borrowing of upto INR 500 Mn (checked from Credit Bureau report)</li><li>• Accounts Should Standard asset as on 31-March-2021</li><li>• The Borrower’s account was not restructured in terms of the circulars “<b>Resolution framework for covid-19 related stress</b>” vide circular DOR.NO.BP.BC/3/21.04.048/2020-21 dated on August 6, 2020.</li><li>• Special Condition – The overall caps on moratorium and/ or extension of residual tenor granted under Resolution Framework -1.0 and this framework combined, shall be 2 years vide circular DOR.NO.BP.BC/3/21.04.048/2020-21 dated on August 6, 2020.</li></ul>

<b>Particulars</b>	<b>MSME</b>	<b>Individual &amp; Small Businesses including traders</b>
<b>Invocation ends on</b>	30-Sep-21	30-Sep-2021
<b>Implementation ends on</b>	within 90 days of invocation	within 90 days of invocation

(4) **RESOLUTION SCHEME:**

- Maximum 100% reduction of EMI for maximum 6 months
- Maximum 75% reduction of EMI for maximum of 9 months
- Maximum 50% reduction of EMI for maximum 12 month.

Conversion of any interest accrued, or to be accrued, may be added into the current credit facility.

(5) **GENERAL PARAMETERS:**

<b>Locations</b>	All existing locations
<b>Products</b>	Finance Lease, SME Loans and CV Loans
<b>Tenor</b>	Normal tenor extension allowed over and above defined in the policy.
<b>Period Limitation</b>	It is a time bound scheme valid only as per timelines specified in above mentioned circulars and would cease to exist post 29 <sup>th</sup> Dec 2021.
<b>Process Document</b>	The process document for each product to be created at approved by committee comprising of CEO, NCM, BH, CRO and CFO.
<b>Communication</b>	Communication of resolution plan to borrower within 30 days from date of application.

Introduction/Revision History

<b>Date of introduction revision</b>	<b>Date of Approval</b>	<b>Introduced /Revised by</b>	<b>Approved by:</b>	<b>Version #</b>
May 28, 2021	June 11, 2021	Credit and Risk Department	Board of Directors	1.0