

Policy - COVID-19-related
Restructuring of Lease / Loan Accounts



ORIX Leasing & Financial Services India Limited (OLFS)

(1) **PREAMBLE:**

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

The objective of this document defines directions from the Reserve Bank of India (RBI) related to restructuring of loans/lease and basic policy features.

RBI directions are covered in circulars –

- (a) **“Resolution Framework for COVID-19-related Stress”** vide Circular No. DOR.No.BP.BC/3/21.04.048/2020-21, dated August 6 2020, and
- (b) **“Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances”** vide Circular No. DOR.No.BP.BC/4/21.04.048/2020-21, dated August 6, 2020.

(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:**

<u>Customer Category</u>	<u>Limitation</u>	<u>End Use</u>
MSME Customers	<ul style="list-style-type: none">• Total borrowing of upto 250 MM (checked from Credit Bureau report)• Accounts should be less than 90 DPD as on 1st Mar20	NA
Individual (Non MSME)	<ul style="list-style-type: none">• Accounts should be less than 30 DPD as on 1st Mar20	<ul style="list-style-type: none">• Personal uses• Purchase or enhancement of property

		<ul style="list-style-type: none"> • Education, marriage, medical exigency, etc
Corporate Loans / Lease (Non MSME)	<ul style="list-style-type: none"> • Accounts should be less than 30 DPD as on 1st Mar20 	Business purpose

Particulars	Individual	Corporate/ Other Loans	MSME
Invocation ends on	31-Dec-20	31-Dec-20	-
Implementation ends on	within 90 days of invocation	within 180 days of invocation	31-Mar-21

(4) MSME Loan additional requirement:

- (a) The self-employed borrowers to register themselves as MSME on the Government Udyam portal, wherever applicable.
- (b) Borrower must be GST registered on the date of implementation, unless exempted

(5) ELIGIBLE CONDITIONS:

(a) For Individual and Corporate / Other Loans / Lease:

- (i) Standard Loans as on 1st March 2020
- (ii) Standard Loan should be less than 30 DPD with the institution as on 1st March 2020
- (iii) Resolution to be invoked latest by 31st Dec 2020
- (iv) Implementation within 90 days

(b) For MSME Loans / Lease:

- (i) The aggregate exposure, including non-fund based facilities, of banks and NBFCs to the borrower does not exceed ₹250 Mn as on March 1, 2020
- (ii) The borrower's account was a 'standard asset' as on March 1, 2020
- (iii) The restructuring of the borrower account is implemented by March 31, 2021.

(6) RESOLUTION SCHEME:

- (a) Maximum 100% reduction of EMI for maximum 6 months
- (b) Maximum 50% reduction of EMI for maximum 12 month.

All cases which does not meet the condition (a) or (b) above with outstanding of more than INR 6 million is to be approved by ORIX HQ.

Conversion of any interest accrued, or to be accrued, may be bundled into another credit facility.

(7) **GENERAL PARAMETERS:**

Locations	All existing locations
Products	Finance Lease, SME Loans and CV Loans
Tenor	Normal tenor extension allowed over and above defined in the policy.
Approval Authority	As per the approval authority matrix.* * All Finance Lease cases except CV Finance leases with outstanding of more than INR 6million to be approved by ORIX HQ.
Period Limitation	It is a time bound scheme valid only as per timelines specified in above mentioned circulars and would cease to exist post 31st March 2021.
Process Document	The process document for each product to be created at approved by committee comprising of CEO, NCM, BH, CRO and CFO.

Introduction/Revision History

Date of introduction revision	Introduced /Revised by	Version #
November 20, 2020	Credit and Risk Department	1.0