



**POLICY FOR RESTRUCTURING 2.0**

**OF CLIENT LOANS**

**UNDER RBI GUIDELINES**

Approved by Board of Directors on 31<sup>st</sup> May, 2021



(CIN-L65923DL1985PLC195299)

### **Policy for Individuals and Small Businesses – Restructuring of Advances**

As per the Reserve Bank of India notification RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 May 5, 2021, the Bank has come with guidelines on resolution Framework 2.0 – Resolution of Covid-19 related stress of Individuals and Small Businesses

The company has decided to adopt the provision of the restructuring guidelines and the company has approved the policy through resolution by circulation on 31<sup>st</sup> May, 2021.

#### **Objective:**

In view of the continued need to support the viable small entities on account of the fallout of Covid19 and to align these guidelines with the Resolution Framework for COVID 19 – related Stress announced for other advances, Reserve Bank of India has extended the restructuring of loans to Individuals and Small Businesses. The company is providing loans to small business loans to MSME sector and the company feel to mitigate the burden of debt servicing brought about by disruptions due to the Covid pandemic and to ensure the continuity of viable businesses of the clients of Capital Trust Limited, the company is restructuring the loans.

#### **Basis of Restructuring**

1. Existing loans to MSMEs classified as 'standard' may be restructured without a downgrade in the asset classification.
2. The total borrowing of the customer from all the banks and financial institutions shall more be more than Rs. 25 Crores as on March 31, 2021.
3. The account of the customer shall be standard as on March 31, 2021.
4. The borrower's account was not restructured in terms of the circulars



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DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020;  
DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020; or  
DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019

5. The restructuring shall be implemented on or before September 30, 2021.
6. The borrower accounts should not have availed of any resolution in terms of the Resolution Framework – 1.0
7. Asset classification of borrowers classified as standard may be retained as such, whereas the accounts which may have slipped into NPA category between 1<sup>st</sup> April, 2021 and date of implementation may be upgraded as 'standard asset', as on the date of implementation of the restructuring plan.
8. The company shall maintain additional provision of 10% for all the clients restructured under this scheme.
9. 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

**Documentation:**

1. All related documentation, including execution of necessary agreements between the company and borrower are completed.
2. Changes in the terms and conditions of the existing loans get duly reflected in the books of all the lenders and the borrower.

**Disclosure in Financial statements**

The company shall make appropriate disclosures in the financial statements, under 'Notes on Accounts', relating to the MSME accounts restructured under these instructions as per the following format:

SL NO	Description	Individual personal loan	Individual business loan	Small business



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				loan
A	Number of requests received for invoking resolution process under Part A			
B	Number of accounts where resolution plan has been implemented under this window			
C	Exposure to accounts mentioned at (B) before implementation of the plan			
D	Of (C), aggregate amount of debt that was converted into other securities			
E	Additional funding sanctioned, if any, including between invocation of the plan and implementation			
F	Increase in provisions on account of the implementation of the resolution plan			

**Mode of restructuring:**

The restructuring can be done through increasing the tenure of loan by reducing EMIs or any other mode as may be decided by the management.