

FAQs on Restructuring of Loans

Introduction:

The Coronavirus pandemic has impacted our lives. At this extraordinary time, we at TJSB Bank, are committed to continue to stand in solidarity with our customers who have been impacted by the pandemic.

As an immediate relief measure, we had offered customers the choice to opt for an EMI/instalment moratorium (postponement of EMIs/instalments) for loans and credit cards till August 31, 2020, in line with the package announced by the Reserve Bank of India (RBI).

The RBI has further released a framework to banks and lending institutions to offer resolution plans to mitigate the financial stress of the borrowers.

In line with the regulatory framework and guidelines, we have chalked out a policy for restructuring of credit facilities of our customers who have been impacted by the pandemic.

Through these relief measures, we endeavour to help facilitate revival of activities and enable our customers to focus on their well-being in this challenging situation.

We have provided below some of the frequently asked questions (FAQs) pertaining to our policy on restructuring of credit facilities.

Frequently Asked Questions

Resolution Framework for Covid-19 Related Stress - Personal Loans

Which loans are covered under this framework?

- a) Housing loans and Loans given against immovable properties.
- b) Auto loans (other than loans for commercial use)
- c) Education Loans
- d) Consumer durables & Other Personal Loans.

What is the purpose of this resolution framework?

The purpose of this Resolution framework is to ease out the financial stress of the individual borrowers affected by COVID-19.

What are the eligibility criteria under this framework?

a. Individual borrower account should be standard and should not be in default for more than 30 days as on 01.03.2020.

b. Borrower should have been affected by COVID-19

Whether the borrower having overdue for more than 30 days are eligible under this framework?

No

How will bank decide that I am affected by COVID-19?

a. If your salary/Income has reduced due to COVID-19 - Salary Slip of February 20 and August 20/September 20 to be submitted.

b. If your income has reduced due to Job Loss/Closure of Business

I paid my EMIs on time during Moratorium period i.e. from 01.03.2020 to 31.08.2020. Can I still opt for restructuring of my Loan?

Yes. However, the resolution under this facility is extended only to borrowers having stress on account of Covid-19 pandemic.

Am I eligible if I have taken a loan after 1st March 2020 but affected by Covid-19 Pandemic?

No.

How to apply for getting relief under this framework?

a. You can apply online on Bank's website (www.tjsbbank.co.in). Your application will be validated by OTP sent on your registered Mobile number once you feed the loan account number on the given link.

b. You can also apply by visiting the branch from which you have availed the loan.

c. By clicking on the link given in the message, sent on your registered Mobile Number, by the Bank.

What is the last date of applying for availing benefit under this framework?

On or before 31.12.2020

What are the relief/relaxations available under this framework?

- a. Granting of moratorium on payment of principal amount maximum up to 2 years.
- b. Rescheduling of Repayment and extension of repayment period equivalent to the moratorium.

Whether there will be any change in EMI?

Yes. On account of moratorium granted, the tenure of your loan will be extended by the period of moratorium and the EMI payable after the moratorium will be recalculated and revised installment will be communicated to customer.

Whether I would be eligible for additional loan facilities under the Framework?

No.

I availed 6 months moratorium in line with RBI Guidelines as part of COVID-19 related stress, whether loan is eligible for further moratorium under this framework?

Yes.

Can I apply for relief under this Framework for more than one account?

Yes, you may apply for relief under this Framework in more than one account.

My business is not running good as of now. Can I defer my installments?

Yes, if the borrower is COVID-19 affected.

I have two loan accounts, out of which one is having overdues for more than 30 days. Whether the other account where the overdue/default is less than 30 days can be restructured?

The account which is having default less than 30 days can be restructured. However, the other loan having overdue more than 30 days will not get benefit under this framework.

Whether restructuring under resolution plan will affect my Credit Report?

As per regulatory guidelines, your loan/credit facility will be reported to the credit bureau as "restructured".

My loan was taken along with co-borrower/s. Will all the co-borrowers of the original Loan agreement be required to sign the revised restructuring agreement?

Yes, all borrowers/co-borrowers of the original loan need to agree and sign on any changes in the loan structure including the restructuring agreement.

Will I need to pay any processing charge?

No.

Resolution Framework for Covid-19 Related Stress - Other than Personal Loans

What is the purpose of this Resolution Framework?

The purpose of this framework is to provide relief to the Borrowers whose operation/business activities are adversely affected by COVID-19 Pandemic.

What are the eligibility conditions for my unit to qualify for relief under the framework?

- a. Your account should be standard and also not in default for more than 30 days as in 01.03.2020.
- b. Your operation/business activities have been affected by COVID-19 pandemic because of which you are not able to repay your instalments/debts on account of reduced cash flow.

How to apply relief under this framework?

You can apply by visiting the branch from where you have availed the loan.

What are the relief measures available under this framework?

- a. In case of Term Loan:
 - i) Moratorium up to 2 years for repayment of installment of principle amount/interest.
 - ii) Extension of loan repayment period up to 2 years
- b. In case of Working Capital
 - i) Reassessment of working capital finance.
 - ii) Providing FITL for accrued interest
 - iii) Conversion of irregular portion of Working capital in to WCTL.

iv) Need based additional finance.

Whether moratorium mentioned above will be in addition to the moratorium already granted by the Bank earlier on account of COVID-19 related stress?

Yes, the moratorium allowed as per this framework will be in addition to the moratorium granted by the Bank earlier.

Is banking Institution bound to provide two years moratorium?

Granting of moratorium will be based on an assessment of income streams/cash flow of the borrower/units, subject to a maximum of two years.

What is the last date for applying relief under this framework?

- a. For loans with aggregate exposure of Rs.500.00 crore and above, last date is 30.11.2020
- b. For other loans last date is 15.12.2020.

If the Account is under Consortium/Multiple bank finance arrangement, how will the resolution be arrived?

If lending institutions representing 75 per cent by value of the total outstanding credit facilities (fund based as well non-fund based) and not less than 60 per cent of lending institutions by number, agree to invoke the same, the resolution process will be treated as invoked.

What is the time line for implementation of Resolution plan?

The resolution plan is to be implemented within 180 days of invocation.

Will my resolution plan be evaluated from external agency?

Resolution plans in respect of accounts, where the aggregate exposure of the lending institutions at the time of invocation of the resolution process is Rs.100 crore and above, shall require an independent credit evaluation (ICE) by any one credit rating agency (CRA) authorized by the Reserve Bank under the Prudential Framework.

Will my ownership be changed if I opt for resolution under this framework?

The framework shall be extended in respect of eligible corporate exposures without change in ownership.

What are the important ratios as per Expert Committee for 26 identified sectors?

On evaluation and analysis of the severity impact, the Committee identified 26 sectors and recommended Financial Parameters relating to Leverage, Liquidity and debt Serviceability etc. as under

- • Total Outside Liability / Adjusted Tangible Net Worth (TOL / Adjusted TNW)
- • Total Debt / EBIDTA
- • Current Ratio
- • Debt Service Coverage Ratio (DSCR)
- • Average Debt Service Coverage Ratio (ADSCR)

Over and above financial ratios, Lenders are free to consider other financial parameters while finalizing the Resolution Plans.

*** Sector specific threshold of financial ratio of the identified 26 sectors can be seen from RBIs circular No.RBI/2020-21/34 DOR.No.BP.BC/13/21.04.048/2020-21 dated 07.09.2020, available at the RBIs website www.rbi.org.in*

My account was declared as fraud/Wilful defaulter by the lenders, Will I be eligible?

No. Borrowers who have committed frauds/ malfeasance/ wilful default will not be eligible under this scheme.
