

**KOKAN MERCANTILE CO-OPBANK LTD  
HARBOUR CREST, MUMBAI 400010**

**POLICY FOR COVID-19 RESOLUTION  
FRAMEWORK 2.0 APPROVED IN THE  
BOARD OF DIRECTORS MEETING  
DATED 21.05.2021**

## **I.Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)**

In view of the uncertainties created by the resurgence of the Covid-19 pandemic in India in the recent weeks after March 2021, it has been decided to extend the above facility for restructuring existing loans without a downgrade in the asset classification subject to the following conditions:

- (i) The borrower should be classified as a micro, small or medium enterprise as on March 31, 2021 in terms of the Gazette Notification S.O. 2119 (E) dated June 26, 2020.
- (ii) The borrowing entity is GST-registered on the date of implementation of the restructuring. However, this condition will not apply to MSMEs that are exempt from GST-registration. This shall be determined on the basis of exemption limit obtaining as on March 31, 2021.
- iii) The aggregate exposure, including non-fund based facilities, of all lending institutions to the borrower does not exceed Rs 25 crore as on March 31, 2021.
- iv) The borrower's account was a 'standard asset' as on March 31, 2021.
- v) The borrower's account was not restructured in terms of the [circulars 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](#) (collectively referred to as MSME restructuring circulars).
- vi) The restructuring of the borrower account is invoked by September 30, 2021. For this purpose, the restructuring shall be treated as invoked when the lending institution and the borrower agree to proceed with the efforts towards finalising a restructuring plan to be implemented in respect of such borrower. The decisions on applications received by our Bank from our customers for invoking restructuring under this facility shall be communicated in writing to the applicant by the lending institutions within 30 days of receipt of such applications. The decision to invoke the restructuring under this facility shall be taken by us having exposure to a borrower independent of invocation decisions taken by other lending institutions, if any, having exposure to the same borrower.
- vii) The restructuring of the borrower account is implemented within 90 days from the date of invocation.
- viii) If the borrower is not registered in the Udyam Registration portal, such registration shall be required to be completed before the date of implementation of the restructuring plan for the plan to be treated as implemented.
- ix) Upon implementation of the restructuring plan, Bank shall keep provision of 10 percent of the residual debt of the borrower.
- x) All other instructions specified in the [circular DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020](#) shall remain applicable.

In respect of restructuring plans implemented, asset classification of borrowers classified as standard may be retained as such, whereas the accounts which may have slipped into NPA category between April 1, 2021 and date of implementation may be upgraded as 'standard asset', as on the date of implementation of the restructuring plan.

2. In respect of accounts of borrowers which were restructured in terms of the MSME restructuring circulars, to review the working capital sanctioned limits and / or drawing power based on a reassessment of the working capital cycle, reduction of margins, etc. without the same being treated as restructuring. The decision with regard to above shall be taken by the Bank by September 30, 2021. The reassessed sanctioned limit / drawing power shall be subject to review by the lending institution at least on a half yearly basis and the renewal / reassessment at least on an annual basis. The annual renewal/reassessment shall be expected to suitably modulate the limits as per the then-prevailing business conditions.

## **I. Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses**

**The following borrowers are eligible under the abovementioned scheme of restructuring:**

1. Individuals who have availed personal loans excluding staff loans.
2. Individuals who have availed loans and advances for business purposes of not more than Rs 25.00 crores as on 31.03.2021
3. Small business including those engaged in retail and wholesale trade, other than those classified as MSME and availed loans and advances of not more than Rs 25.00 crores as on 31.03.2021.
4. Those borrowers who have not availed any resolution in terms of Resolution Framework 1.0
5. Such accounts as mentioned above who have been classified as Standard Assets as on 31.03.2021.

### **Modalities:**

1. The abovementioned borrowers may submit their requests to the Bank immediately.
2. Bank should take decision on such applications within 30 days of receipt of such applications.
3. The last date of invocation of resolution permitted under this window is 30.09.2021.

### **Permitted features:**

1. The resolution plans implemented under this window may *inter alia* include rescheduling of payments, conversion of any interest accrued or to be accrued into another credit facility, revisions in working capital sanctions, granting of moratorium etc. based on an assessment of income streams of the borrower. However, compromise settlements are not permitted as a resolution plan for this purpose.
2. 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. 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.
3. The resolution plan should be finalised and implemented within 90 days from the date of invocation of the resolution process under this window.

### **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. Bank 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 lending institution post implementation.

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. *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.

3. 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.

**GENERAL MANAGER**

**CHIEF EXECUTIVE OFFICER**

**HON CHAIRMAN**

APPLICATION FOR RESOLUTION FRAMEWORK 2.0 RESOLUTION OF COVID-19 RELATED  
STRESS OF INDIVIDUALS AND SMALL BUSINESSES

\*\*\*\*\*

DATE : \_\_\_\_\_

BRANCH : \_\_\_\_\_

CUSTOMER ID : \_\_\_\_\_

NAME : \_\_\_\_\_

LOAN A/C NO. \_\_\_\_\_

AMOUNT : Rs. \_\_\_\_\_

| S. N. | Particulars  | Details submitted by Borrower |
|-------|--|-------------------------------|
| 1.    | Borrowers Name   |                               |
| 2.    | Membership No.   | _____                         |
| 3.    | Phone No.  | _____                         |
| 4.    | Age  | _____                         |
| 5.    | Date of Retirement   | 1. _____                      |
| 6.    | Sureties Name  | 2. _____<br>3. _____          |
| 7.    | Loan Disbursed Amount  |                               |
| 8.    | Loan Disbursed Date  |                               |
| 9.    | Details of Security with valuation, date of valuation report.      |                               |
| 10    | No. of monthly loan installment & Interest                         |                               |
| 11    | Present Position<br>PA as on <b>31.03.2021</b>                     |                               |
| 12    | Business/Service details<br>Monthly income as per earlier proposal |                               |
| 13    | Present monthly net income   |                               |
| 14    | Reason for reduction of earlier EMI                                |                               |
| 15    | Earlier EMI  |                               |
| 16    | Desired EMI due to loss of Salary/Business etc.                    |                               |
| 17    | Moratorium period required   | _____ months.                 |
| 18    | Interest to be serviced  | Yes / No.                     |

Due to COVID-19 pandemic continuation in the year 2021 and stress for lost of job/business/reduction in income and hence request you to kindly re-structure my loan as I shall be able to pay Rs. \_\_\_\_\_ as monthly EMI.

We are aware that in case the Borrower defaults in the payment of even one re-scheduled installment, facility extended by the bank under the COVID-19 Scheme of Reschedulement of Loan EMI will stand annulled and will be liable to pay original installment amount alongwith the arrears of the deficit amount whatsoever, immediately.

We undertake to pay EMI regularly and will keep the loan account standard.

Signatures of :

1] Borrower \_\_\_\_\_

2] Surety No.1 \_\_\_\_\_

3] Surety No.2 \_\_\_\_\_

4] Surety No.3 \_\_\_\_\_

5] Spouse Surety \_\_\_\_\_

**(APPLICANT'S SIGNATURE)**

KMCB/ BR./LD/ /2021-2022 Date:

\_\_\_\_\_ BRANCH

To,  
Mr./Mrs./M/s \_\_\_\_\_  
Prop. \_\_\_\_\_

(Address)

Ref : Loan / CC/OD No. \_\_\_\_\_  
Revised Loan A/c No. \_\_\_\_\_

Sub : Your application for Resolution Framework 2.0 COVID-19 Plan

Sir/Madam,

With reference to your application to restructure your loan of Rs. \_\_\_\_\_ vide Loan A/c No. \_\_\_\_\_, we are pleased to inform you that the Bank has considered and sanctioned restructure loan under COVID 19 Resolution policy, on following terms & conditions :

- 1) Loan amount of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ )
- 2) The moratorium period \_\_\_\_\_ month.
- 3) The tenure of the loan is \_\_\_\_\_ months.
- 4) The interest will be charged @ \_\_\_\_\_ % p.a. and will be debited to your loan account every month. This being floating Rate of Interest, it is subject to change from time to time as per RBI policy and performance of your account and repayment discipline as decided by the Bank. If you fail to re-pay the installment on regular basis and your loan account slip to NPA, the restructure loan will be reverted to previous position and all recovery process will be initiated as deemed fit. The bank will also charge higher rate of interest in case you fail to repay the loan installment & interest timely.
- 5) Interest during the moratorium period will be funded / non funded.
- 6) The first installment will commence from \_\_\_\_\_ and due for repayment after 30 days on same day of each month.
- 7) You are required to execute Declaration/document alongwith sureties.

All other terms & conditions mentioned in our earlier sanction letter dated \_\_\_\_\_ remains unchanged.

Thanking you,

Yours faithfully,  
For KOKAN MER. CO-OP. BANK LTD.,

AUTHORISED SIGNATORY.

The above terms & conditions are  
Acceptable to us & binding on us

Borrowers  
Name : \_\_\_\_\_  
M/s \_\_\_\_\_  
Prop. Mr. \_\_\_\_\_

Surety - 1  
Name : \_\_\_\_\_

Surety - 2  
Name : \_\_\_\_\_

Signature : \_\_\_\_\_ Signature : \_\_\_\_\_ Signature : \_\_\_\_\_

Surety - 3  
Name : \_\_\_\_\_

Signature : \_\_\_\_\_

**Declaration (for working capital limits)**

We 1) Mr./Mrs/M/s \_\_\_\_\_, an adult Indian inhabitant/company/firm, residing/having \_\_\_\_\_ registered office, at \_\_\_\_\_ hereby referred as 'Deponent No.1 (which expression shall unless it be repugnant to the context and the meaning thereof, shall mean and include his heirs, executors and assigns) 2) Mr./Mrs. \_\_\_\_\_, an adult Indian inhabitant residing at \_\_\_\_\_ hereby referred as 'Deponent No. 2' (which expression shall unless it be repugnant to the context and the meaning thereof, shall mean and include his heirs, executors and assigns) 3) Mr./Mrs. \_\_\_\_\_, an adult Indian inhabitant residing at \_\_\_\_\_, hereby referred as 'Deponent No. 3' (which expression shall unless it be repugnant to the context and the meaning thereof, shall mean and include his heirs, executors and assigns) 4) Mr./Mrs. \_\_\_\_\_ an adult Indian inhabitant residing at \_\_\_\_\_ hereby referred as 'Deponent No. 4' (which expression shall unless it be repugnant to the context and the meaning thereof, shall mean and include his heirs, executors and assigns) declare on solemn affirmation as under:

- 1) That Deponent No.1 have taken a OD/CC facility of Rs. \_\_\_\_\_ Rupees \_\_\_\_\_ on \_\_\_\_\_ vide OD/CC Account No. : \_\_\_\_\_ from Kokan Mercantile Co Op Bank Ltd, at its \_\_\_\_\_ Branch. Wherein amount Outstanding as on **31.03.2021**, is Rs. \_\_\_\_\_ :
- 2) That, the said facility was granted to deponent No.1 is for the period of 12 months.
- 3) That, Deponent No.1 is the Borrower and Deponent No.2 to Deponent No. \_\_\_\_\_ stood Sureties towards the above said facility.
- 4) That, the Borrower was regular in the payment till February 2020 and March 2021. However due to the Covid-19 Pandemic, he has been unable to do the same consequent to the reduction in his income.
- 5) That we approached the bank with a request to convert into a term loan, the outstanding interest charged or adhoc limit sanctioned, on the said facility account under the COVID-19 Resolution Plan 2.0.
- 6) A request is considered and sanctioned a term loan of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_).
- 7) The tenure of the said term loan will be 24 months which will come to an end with 6 months moratorium period.
- 8) That, we hereby agree, that in case, the borrower defaults in the payment of even one instalment of term loan bank reserves its right to recover the said term loan by debiting the existing facility account i.e. ....
- 8) That Deponent No. 2 to Deponent No. \_\_\_\_\_ declare that we have no objection if the said bank accedes the request of the Deponent No. 1 and converts the interest charged or adhoc limit sanctioned on the facility account in to term loan.
- 9) That, we undertake to pay EMI regularly and will keep the Loan account standard.
- 10) That, Deponents declare that all the documents executed by them towards the above facility accounts will be executable under the law towards term loan as well facility account.
- 11) That Deponents declare that they are ready to execute further loan documents if the said bank requires.



Whatever stated herein above is true and correct as per our knowledge and belief :

Solemnly affirmed by within named

On \_\_\_\_\_ day of 2021

- 1)
- 2)
- 3)
- 4)

.....Deponents

Declaration/OD/CC

**Declaration (for term loans)**

We 1) Mr/Mrs/M/s \_\_\_\_\_, an adult Indian inhabitant/company/firm, residing/having registered office, at \_\_\_\_\_ hereby referred as 'Deponent No.1 (which expression shall unless it be repugnant to the context and the meaning thereof, shall mean and include his heirs, executors and assigns) 2) Mr./Mrs. \_\_\_\_\_, an adult Indian inhabitant residing at \_\_\_\_\_ hereby referred as 'Deponent No. 2' (which expression shall unless it be repugnant to the context and the meaning thereof, shall mean and include his heirs, executors and assigns) 3) Mr/Mrs. \_\_\_\_\_ an adult Indian inhabitant residing at \_\_\_\_\_ hereby referred as 'Deponent No. 3' (which expression shall unless it be repugnant to the context and the meaning thereof, shall mean and include his heirs, executors and assigns) 4) Mr./Mrs. \_\_\_\_\_ an adult Indian inhabitant residing at \_\_\_\_\_ hereby referred as 'Deponent No. 4' (which expression shall unless it be repugnant to the context and the meaning thereof, shall mean and include his heirs, executors and assigns) declare on solemn affirmation as under:

- 1) That, Deponent No.1 has taken a loan of Rs. \_\_\_\_\_ Rupees \_\_\_\_\_ on \_\_\_\_\_ vide loan Account No. : \_\_\_\_\_ from Kokan Mercantile Co-op Bank Ltd, at its \_\_\_\_\_ Branch and Deponent No.2 to \_\_\_\_\_ have stood as surety and are jointly & severally responsible for repayment of loan as per the repayment schedule.
- 2) That, the said loan was granted to us is for the period of \_\_\_\_ (months) and the monthly installment is Rs. \_\_\_\_\_ (including interest).
- 3) That, Deponent No.1 is the Borrower and Deponent No. \_\_\_\_\_ to Deponent No. \_\_\_\_\_ stood Sureties towards the above said loan .
- 4) That, the Borrower was regular in the repayment of his monthly Loan instalments till 31<sup>st</sup> March 2021. However due to the Covid-19 Pandemic 2.0, he has been unable to do the same consequent to the reduction in his salary/income.
- 5) That, we approached the bank with a request to restructure the loan of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ ) under Covid-19 Resolution Plan as advised by Reserve Bank of India and by re-fixing the period of repayment of loan for \_\_\_\_\_ months and also grant moratorium of \_\_\_\_\_ months. We also agree to pay the interest during the moratorium period AND/OR interest to be capitalized during the moratorium period.
- 6) That, We hereby agree, that in case, if the Borrower defaults in the payment of even one rescheduled installment , facility extended by the bank under "COVID 19 Resolution Plan, re-structure stand annulled and we will be liable to pay original installment amount alongwith the arrears of the deficit amount whatsoever, immediately.
- 7) That, Deponent No. 2 to Deponent No. \_\_\_\_\_ declare that we have no objection if the said bank accedes the request of the Deponent No. 1 and reschedule the period of loan/and moratorium period as mentioned above.
- 8) That, We undertake to pay EMI regularly and will keep the Loan Account standard.
- 9) That, Deponents declare that all the documents executed by them towards the above loan account are executable under the law and we are binding towards the same.
- 10) That Deponents declare that they are ready to execute further loan documents if the said bank requires.

Whatever stated herein above is true and correct as per our knowledge and belief :

Solemnly affirmed by within named

On                      day of 2021

5)

6)

7)

8)

.....Deponents