

FREQUENTLY ASKED QUESTIONS (FAQs)

The Reserve Bank of India (RBI) released a framework vide circular no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 named 'Resolution Framework for COVID-19-related Stress' (hereinafter referred to as "Resolution Framework"), applicable to lending institutions to offer resolution plans to mitigate the financial stress of the borrowers. RBI also released Report of the Expert Committee vide press release dated September 7, 2020 for the borrowers covered under part B of the said Resolution Framework.

For the MSME borrowers not covered under Resolution Framework, RBI released separate guidelines vide circular no. RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 named Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances.

In line with the regulatory framework and guidelines, we, BMW India Financial Services Private Limited ('Company'), have framed a policy for restructuring of credit facilities of our customers who have been impacted by the COVID-19 pandemic.

Please find below some of the frequently asked questions (FAQs) pertaining to our policy on restructuring of credit facilities pursuant to the Resolution Framework.

1. The RBI has released a guideline named 'Resolution Framework for COVID-19 Related Stress'. What is the purpose of this Resolution Framework?

The purpose of Resolution Framework is to provide relief to the borrowers affected by the COVID-19 pandemic by way of restructuring.

2. What does restructuring mean?

Restructuring is an act by which the concessions may be granted to borrowers in times of economic difficulty. The measures may include, among others, change of payment period, change in EMI etc.

3. Which credit facilities are eligible for restructuring?

The following credit facilities are eligible for restructuring:

- i. Credit facilities of individuals and non-individual borrowers which are classified as 'Standard Account' and are not in default for more than 30 days as on March 1, 2020.
- ii. The credit facilities should continue to be classified as 'Standard Account' till the date of invocation of the application for restructuring. The date of invocation is the date on which both the borrower and the Company agree to proceed with the resolution plan.
- iii. The cash flow/income of the borrower must be impacted as a reduction in income or loss of job/income due to the ongoing COVID19 pandemic. The Company will review the impact on cash flow/income of the borrower on the basis of the documentation and information submitted.

4. What is the meaning of Personal Loans?

Personal Loans shall have the same meaning as per RBI Circular no. RBI/2017-18/117 DBR.No.BP.BC.99/08.13.100/2017-18 dated January 04, 2018 (including amendment thereof).

With respect to the business of the Company, all the retail vehicle loans granted to the individual borrowers (excluding Sole proprietorship) will fall under the category of Personal Loans.

5. Which type of borrowers are covered under Non-Individuals category?

Non-individual borrowers include Sole-proprietorship concerns, Partnership Firms, Private and Public Limited Companies, Bodies Corporate and any other entity who is not a natural person and cannot be classified as Individual.

6. How do I know that I am eligible for Resolution under this framework?

A. For personal loans:

A borrower will be considered as affected by Covid-19 pandemic (subject to documentary evidence), if any of the following conditions are fulfilled:

- i. The loan should be a "Standard Account" as on date of application and should have been 'Standard' and also not in default for more than 30 days as on 01.03.2020.
- ii. Salary/income has got reduced when compared to February 2020.
- iii. Reduction/suspension in salary during lockdown period.
- iv. Job Loss/closure of business.
- v. Closure during lockdown/reduced activity of units/shops/business establishments in case of self-employed/ professionals/ businessmen.

B. For non-individual borrowers:

To be eligible under the Framework, the following eligibility conditions need to be fulfilled:

- i. The loan should be a "Standard Account" as on date of application and should have been 'Standard' and also not in default for more than 30 days as on 01.03.2020 with any lending institution.
- ii. The Company should have reasonable grounds to believe that the borrower is under stress due to impact of COVID-19.

7. Am I eligible if I have taken a loan after 1st March 2020 but affected by COVID-19 pandemic?

No, only those accounts that existed in the books of the Company on 01st March 2020, are eligible for consideration under this Resolution Framework.

8. My present Income is not affected, but I foresee an income loss in future. Whether I am eligible for restructuring based on future lower income?

No.

9. How to apply for restructuring of the credit facilities?

The borrowers can apply for restructuring of their credit facilities by sending a request letter/ mail to the Company along with duly filled and complete application form along with relevant supporting documents.

10. What is the date to apply for relief under the Resolution Framework?

- A. In case of Individual borrower: Last date of submission of duly complete application request for restructuring is 16th December 2020.
- B. For other category of borrowers i.e. non-individuals: Last date of submission of duly complete application request for restructuring is 30th November 2020.

Note: Any application received beyond the aforesaid dates may not be considered for restructuring under this Resolution Framework.

11. I am a non-individual borrower having loans / facilities from various lending institutions. What is the process of availing relief under Resolution Framework?

If the borrower (applicable for only non-individual borrowers) has exposure with multiple lending institutions, the resolution process shall be treated as invoked in respect of such borrower if the lending institutions representing 75% by value of the total outstanding credit facilities (fund based as well non-fund based) and not less than 60% of lending institutions by number agree to invoke the same.

12. What happens if there is breach in implementation of Resolution Plan?

Any resolution plan implemented in breach of the Resolution Framework shall be fully governed by the Prudential Framework for Resolution of Stressed Assets) Directions 2019, dated June 7, 2019 issued by the Reserve Bank of India as if the resolution process was never invoked under this framework.

13. What are the restructuring options available to the borrower?

- A. Borrowers having retail finance exposure:

After assessing the impact of the financial stress on the borrower, the Company may offer to:

- i. Reschedule the payments up to a maximum period of 2 years.
- ii. Moratorium upto six months

- B. Borrowers having commercial finance exposure:

- i. Rescheduling of payments upto a period of two years.
- ii. Conversion of interest into other another credit facility.
- iii. Additional finance: Sanction of additional credit facilities to address the financial stress of the borrower on account of Covid19 even if there is no renegotiation of existing debt
- iv. Moratorium: The residual tenor of the loan may be extended by maximum 2 years with or without payment moratorium. The moratorium period, if granted, shall come into force immediately upon implementation of the RP.
- v. Conversion of loan into other securities and valuation.

- vi. Any other mode of restructuring as may be included in the RBI's Prudential Framework for Resolution of Stressed Assets) Directions 2019, dated June 7, 2019.

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

Yes, the moratorium sanctioned, if any, under this Resolution Framework will be in addition to the moratorium granted, if any, by the Company earlier.

15. Whether there will be any change in Loan Instalments?

Yes. In case where moratorium is granted, the tenure of such loan can be extended by up to a maximum of 6 months (in case of Individual borrowers) and 24 months (in case of non-individual borrowers) and the instalments payable after the moratorium will be recalculated and advised to the borrower.

16. Whether any additional security will have to be furnished in case relief under the framework is sanctioned?

In case of unlisted entities, Personal Guarantee of the promoters will have to be furnished.

17. What ratios have been prescribed by RBI constituted Expert Committee for various industries?

The ratios as prescribed by the RBI that are intended as floors or ceilings, have been included in the Policy of the Company.

18. If the borrower has applied for restructuring, can it be considered as having been accepted and implemented by the Company?

No. The application for restructuring of credit facility does not guarantee its acceptance. This is the beginning of the whole process. Once the borrower applies for restructuring, the Company will review the application on the basis of its internal policies.

Thereafter, the Company will communicate the acceptance of the application along with the terms thereof or the rejection of the application.

19. What are the documents to be submitted to along with the application for availing of the restructuring facility?

A. Loans to individuals:

i) For salaried customers:

- a) KYC documents of borrower/s, guarantors (Voter ID, Passport, Driving License, UID, PAN card etc.)
- b) Updated salary credit bank statement of last 12 months of all loan applicants (if SF repayment bank statement is different, the same needs to be documented)
- c) Latest 6 months' Salary Slip
- d) Latest 2 years IT returns and Form 16 for latest year/ Form 26 AS for FY.19-20 and F.Y. 20-21

till date

- e) In case of Job Loss/ salary cut / deferment – Letter from employer about termination of employment/ salary reduction/ deferment (Letter should ideally mention that termination of employment/ salary reduction/ deferment is due to impact of COVID).
 - f) Any other document as may be required to assess the impact of COVID-19 on such borrower.
- ii) For other individual customers (other than salaried):
- a) KYC documents of borrower/s, guarantors (Voter ID, Passport, Driving License, UID, PAN card etc.)
 - b) Bank statements for last 12 months for all loan applicants (if SF repayment bank statement is different, the same needs to be documented)
 - c) Latest 2 years IT returns and Form 16 for latest year/ Form 26 AS for FY.19-20 and F.Y. 20-21 till date
 - d) GST 1 returns for FY 2020 and FY 2021 - till date
 - e) A declaration by self-employed professionals/ businessmen declaring that their business is affected by COVID-19.
 - f) MSME certificate / Letter issued to the customer (if available)
 - g) Any other document as may be required to assess the impact of COVID-19 on such borrower.

B. Loans to non-individual borrowers:

- a) Board Resolution (in case of Companies) stating that the Company's operations are under stress on account of Covid-19. In case of other applicants, an undertaking, that unit's operations are under stress on account of COVID-19.
- b) Application form for restructuring covering atleast (a) write up on reason for restructuring, (b) impact of COVID19 on the business, (c) plan for streamlining on reviving the business (d) comment on restructuring by other lenders to the borrower, facilities to be restructured, tenor of restructuring.
- c) Latest audited financials with complete annexures, notes to accounts, main audit report, Board's report, accounting policies and tax audit report.
- d) Interim (provisional) financials till immediate previous month to the one in which application is made.
- e) Month wise no. of units (model wise) sold in period for which audited financials given and the period for which interim financials are given. (Applicable for borrowers having Commercial Finance Exposure with the Company).
- f) Month wise & model wise with selling price, number of units targeted to be sold from FY2021 to the period for restructuring. (Applicable for borrowers having Commercial Finance Exposure with the Company).
- g) Detailed projected financials for next years for which restructuring is requested for 'or' for the remaining tenure in case of term loan.
- h) Details of changes in the management since last renewal (if any) and latest CA certified shareholding.
- i) KYC documents of directors, shareholders & dealership.
- j) Copy of GST returns for the period for which interim provisional are submitted.
- k) Bank Statements of all Working Capital lenders for last 12 months.
- l) Break up of Existing Secured/unsecured loans (a) Name of banks/financiers along with amount of facility/limits respectively (b) Sanction letters of these bankers/financiers.
- m) CA certified turnover (if GST not applicable) from 1st April, 2019
- n) Personal Guarantee of promoters.
- o) Any other document as may be required to assess the impact of COVID-19 on such borrower.

For loans to non-individual borrowers, the borrower should be in compliance with the financial ratios as recommended by the Expert Committee as appointed by the RBI for the specific sectors and shall be subject to Company's internal policy.

20. How to submit these documents?

A borrower needs to submit these documents along with the application for restructuring of facility. The documents can be submitted via email or courier.

21. Can I apply for restructuring of multiple loans that I have with the Company?

Yes, you can apply for restructuring of multiple credit facilities with the Company. Please note that a borrower can apply for restructuring only once under this resolution framework.

22. Will the Company restructure all of these facilities?

The Company will review the borrower's application for restructuring of credit facilities in line with its internal policy. Depending on the evaluation of borrower's financial stress, the Company may approve restructuring request in all or some of the credit facilities. The Company will communicate its decision to the borrower.

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

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

24. Can a borrower apply for restructuring of part of his/her/their outstanding towards a credit facility?

No, restructuring of partial outstanding is not permitted.

25. Will a settlement, which is done between the borrower and the Company, come under the purview of restructuring?

No, any settlement independently done earlier i.e. before 01.03.2020 between the borrower and the Company will not come under the purview of restructuring.

26. Will borrowers against whom the Company has initiated legal recourse for recovery of dues (including under the SARFAESI Act) be eligible for restructuring?

No, these borrowers are not eligible for restructuring of their credit facilities.

27. Will there be any change in the credit bureau status, post restructuring of credit facilities?

The credit bureau status of the respective credit facilities of the borrower will be updated as "restructured". The credit history of the borrowers shall consequently be governed by the

respective policies of the credit information companies as applicable to accounts that are restructured.

28. Will there be any confirmation from the Company on application for restructuring?

Yes, the Company will send a confirmatory e-mail to the borrowers when they apply for restructuring. These communications will be sent on the e-mail ID of the borrower as registered with us.

To update or register e-mail ID with the Company, a borrower can either mail or call the customer care.

29. Whether the Company will send any communication intimating the acceptance/rejection of the application for restructuring of the borrowers?

Yes, the borrowers will be informed through e-mail about the acceptance/rejection of their application for restructuring. These communications will be sent on the e-mail ID of the borrower as registered with us. To update or register e-mail ID with the Company, a borrower can either mail or call the customer care.

30. How much time will the Company require to review my application for restructuring?

The Company will endeavor to review the application within 10 working days from the date of receipt from the borrower along with all required documents sought by the Company.

Thereafter, the Company will communicate the acceptance or rejection of the application to the borrower via e-mail.

31. Would there be any processing fee required to be paid?

Processing fee will be payable as under:

- i. For borrowers having retail term loans with the Company: INR 5000/- plus applicable taxes.
- ii. For other borrowers not covered in i. above: 0.25% of the restructured finance amount.

32. Would there be any additional interest charged for restructuring of the credit facility?

Yes, additional interest will be charged on credit facilities which will be restructured as under:

- i. For borrowers having retail term loans with the Company: 30 BPS higher additional rate will be charged.
- ii. For other borrowers not covered in i. above: Up to 50 BPS higher interest rate will be applicable on a case to case basis.

33. Is Independent Credit Evaluation (ICE) of the Resolution Plan (RP) by External Credit Agencies mandatory?

Independent Credit Evaluation (ICE) of the Resolution Plan (RP) by any one RBI accredited Rating Agency under the Prudential Framework will be required in respect of accounts where aggregate exposure exceeds Rs.100 crores from lending institutions. Only such RPs which get a credit opinion of RP4 or better shall be considered for implementation.

34. What type of borrowers are not eligible for restructuring (Personal & Other than Personal Category)?

As per the Resolution Framework as issued by the RBI, MSME borrowers whose aggregate exposure to the lending institutions collectively, is INR 25 crore or less as on March 1, 2020 are not eligible for restructuring under this Resolution Framework.

35. How can a MSME borrower having aggregate exposure, across all lending institutions, of INR 25 Crore seek restructuring?

The MSME borrowers with total exposure of INR 25 crore or less across lending institutions cannot apply under this resolution framework. However, such borrowers can apply for relief as per RBI's Circular no. RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 named Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances.