

UCO BANK

Frequent Asked Questions

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 additional 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.
