



**PHD Research Bureau**  
PHD Chamber of Commerce and Industry



## Key Notifications by RBI

- **Resolution Framework for COVID-19-related Stress – Financial Parameters – Revised timelines for compliance**

This is in reference to the circular DOR.No.BP.BC/13/21.04.048/2020-21 dated September 7, 2020 inter alia advising the key ratios and their sector specific thresholds to be considered by lending institutions while finalising the resolution plans in respect of eligible borrowers under Part B of the Annex to the Resolution Framework for Covid-19 related stress issued on August 6, 2020 (**enclosed**).

The key ratios consisted of four operational ratios, viz., Total Debt / EBITDA, Current Ratio, Debt Service Coverage Ratio (DSCR) and Average Debt Service Coverage Ratio (ADSCR), along with the ratio Total Outside Liabilities / Adjusted Tangible Net Worth (TOL/ATNW) representing the debt-equity mix of the borrower post implementation of the resolution plan.

In view of the resurgence of the Covid-19 pandemic in 2021 and recognising the difficulties it may pose for the borrowers in meeting the operational parameters, it has been decided by RBI to defer the target date for meeting the specified thresholds in respect of the four operational parameters, viz. Total Debt / EBIDTA, Current Ratio, DSCR and ADSCR, to October 1, 2022.

The target date for achieving the ratio TOL/ATNW, as crystallised in terms of the resolution plan, shall remain unchanged as March 31, 2022.

- **Prudential Norms for Off-Balance Sheet Exposures of Banks – Restructuring of derivative contracts –**

This is in reference to paragraph 2.2 of our circular DBOD.No.BP.BC.57/21.04.157/2008-09 dated October 13, 2008 (**enclosed**), in terms of which any change in any of the parameters of the original derivative contract would be treated as a restructuring.

In this context, it is clarified that change in the terms of a derivative contract on account of change in reference rate necessitated due to transition from LIBOR to an alternative reference rate shall not be treated as restructuring of the derivative contract provided all other parameters of the original contract remain unchanged.

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Warm Regards,  
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