



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI/2014-15/410

DNBR.CO.PD.No.011/03.10.01/2014-15

January 16, 2015

All NBFCs excluding Primary Dealers

Dear Sirs,

**Review of Guidelines on Restructuring of Advances by NBFCs**

Please refer to [circular DNBS.CO.PD.No.367/03.10.01/2013-14, dated January 23, 2014](#), on the captioned subject.

2. In terms of extant instructions contained in the above mentioned circulars, revisions of the date of commencement of commercial operations (DCCO) and consequential shift in repayment schedule for equal or shorter duration (including the start date and end date of revised repayment schedule) will not be treated as restructuring provided that:

- a. The revised DCCO falls within the period of two years and one year from the original DCCO stipulated at the time of financial closure for infrastructure projects and non-infrastructure projects respectively; and
- b. All other terms and conditions of the loan remain unchanged.

3. Further, NBFCs may restructure such loans, subject to the extant prudential norms on restructuring of advances, by way of revision of DCCO beyond the time limits quoted at paragraph 2(a) above and retain the 'standard' asset classification, if the fresh DCCO is fixed within the following limits, and the account continues to be serviced as per the restructured terms:

**(a) Infrastructure Projects involving court cases**

Up to another two years (beyond the two year period quoted at paragraph 2(a) above, i.e., total extension of four years), in case the reason for extension

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of DCCO is arbitration proceedings or a court case.

(b) Infrastructure Projects delayed for other reasons beyond the control of promoters

Up to another one year (beyond the two year period quoted at paragraph 2(a) above, i.e., total extension of three years), in case the reason for extension of DCCO is beyond the control of promoters (other than court cases).

(c) Project Loans for Non-Infrastructure Sector (Other than Commercial Real Estate Exposures)

Up to another one year (beyond the one year period quoted at paragraph 2(a) above, i.e., total extension of two years).

4. In this connection, it is clarified that multiple revisions of the DCCO and consequential shift in repayment schedule for equal or shorter duration (including the start date and end date of revised repayment schedule) will be treated as a single event of restructuring provided that the revised DCCO is fixed within the respective time limits quoted at paragraph 3 (a) to (c) above and all other terms and conditions of the loan remained unchanged.

5. It may be further clarified that, if deemed fit, NBFCs may extend DCCO beyond the respective time limits quoted at paragraph 3 (a) to (c) above; however, in that case, NBFCs will not be able to retain the 'standard' asset classification status of such loan accounts.

6. Internationally, project finance lenders sanction a 'standby credit facility' to fund cost overruns if needed. Such 'standby credit facilities' are sanctioned at the time of initial financial closure; but disbursed only when there is a cost overrun. At the time of credit assessment of borrowers/project, such cost overruns are also taken into account while determining the project Debt Equity Ratio, Debt Service Coverage Ratio, Fixed Asset Coverage Ratio etc. Such 'standby credit facilities' rank pari passu with base project loans and their repayment schedule is also the same as that of the base project loans.

7. Accordingly, in cases where NBFCs have specifically sanctioned a 'standby facility' at the time of initial financial closure to fund cost overruns, they may fund cost overruns as per the agreed terms and conditions.

In cases where the initial financial closure does not envisage such financing of cost overruns, NBFCs have been allowed to fund cost overruns, which may arise on account of extension of DCCO within the time limits quoted in the above, without treating the loans as 'restructured asset' subject to the following conditions:

- i) NBFCs may fund additional 'Interest During Construction', which may arise on account of delay in completion of a project;
- ii) Other cost overruns (excluding Interest During Construction) up to a maximum of 10% of the original project cost. This ceiling is applicable to financing of all other cost overruns (excluding interest during construction), including cost overruns on account of fluctuations in the value of Indian Rupee against other currencies, arising out of extension of date of commencement of commercial operations;
- iii) The Debt Equity Ratio as agreed at the time of initial financial closure should remain unchanged subsequent to funding cost overruns or improve in favour of the lenders and the revised Debt Service Coverage Ratio should be acceptable to the lenders;
- iv) Disbursement of funds for cost overruns should start only after the Sponsors/Promoters bring in their share of funding of the cost overruns; and
- v) All other terms and conditions of the loan should remain unchanged or enhanced in favour of the lenders.

8. Notifications amending Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are enclosed for meticulous compliance.

Yours faithfully,

(A. Mangalagiri)  
General Manager- in-Charge

**RESERVE BANK OF INDIA  
DEPARTMENT OF NON-BANKING REGULATION  
CENTRAL OFFICE, CENTRE I, WORLD TRADE CENTRE  
CUFFE PARADE, COLABA MUMBAI 400 005**

**NOTIFICATION No.DNBR(PD).001/GM(AM)-2015 dated January 16, 2015**

The Reserve Bank of India, having considered it necessary in public interest and being satisfied that, for the purpose of enabling the Bank to regulate the credit system to the advantage of the country, it is necessary to amend the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (hereinafter referred to as the said Directions) contained in [Notification No.DNBS.192/DG\(VL\)-2007 dated February 22, 2007](#), in exercise of the powers conferred by section 45JA of the Reserve Bank of India Act, 1934 (2 of 1934) and of all the powers enabling it in this behalf, hereby directs that the said Directions shall be amended with immediate effect as follows -

**2. The following point (v)(a) shall be inserted after point (v) of sub-para 3.3 of Paragraph 3 and as point (iv)(a) after point (iv) of sub-para 3.4 of Paragraph 3 of the Guidelines provided in the Annex-A to the aforementioned notification –**

Multiple revisions of the DCCO and consequential shift in repayment schedule for equal or shorter duration (including the start date and end date of revised repayment schedule) will be treated as a single event of restructuring provided that the revised DCCO is fixed within the respective time limits as stated in above points and all other terms and conditions of the loan remained unchanged.

If deemed fit, NBFCs may extend DCCO beyond the respective time limits quoted at (iii)(a) to (b) above; however, in that case, NBFCs will not be able to retain the 'standard' asset classification status of such loan accounts.

**3. The following point (v)(b) shall be inserted after point (v)(a) of sub-para 3.3 of Paragraph 3 and as point (iv)(b) after point (iv)(a) of sub-para 3.4 of Paragraph 3 of the Guidelines provided in the Annex-A to the aforementioned notification –**

In cases where NBFCs have specifically sanctioned a 'standby facility' at the time of initial financial closure to fund cost overruns, they may fund cost overruns as per the agreed terms and conditions.

In cases where the initial financial closure does not envisage such financing of cost overruns, NBFCs have been allowed to fund cost overruns, which may arise on account of extension of DCCO within the time limits quoted at (iii)(a) to (b) above, without treating the loans as 'restructured asset' subject to the following conditions:

- i) NBFCs may fund additional 'Interest During Construction', which may arise on account of delay in completion of a project;
- ii) Other cost overruns (excluding Interest During Construction) up to a maximum of 10% of the original project cost. This ceiling is applicable to financing of all other cost overruns (excluding interest during construction), including cost overruns on account of fluctuations in the value of Indian Rupee against other currencies, arising out of extension of date of commencement of commercial operations;
- iii) The Debt Equity Ratio as agreed at the time of initial financial closure should remain unchanged subsequent to funding cost overruns or improve in favour of the lenders and the revised Debt Service Coverage Ratio should be acceptable to the lenders;
- iv) Disbursement of funds for cost overruns should start only after the Sponsors/Promoters bring in their share of funding of the cost overruns; and
- v) All other terms and conditions of the loan should remain unchanged or enhanced in favour of the lenders.

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**NOTIFICATION No.DNBR(PD).002/GM (AM)-2015 dated January 16, 2015**

The Reserve Bank of India, having considered it necessary in public interest and being satisfied that, for the purpose of enabling the Bank to regulate the credit system to the advantage of the country, it is necessary to amend the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (hereinafter referred to as the said Directions) contained in [Notification No.DNBS.193/DG\(VL\)-2007dated February 22, 2007](#), in exercise of the powers conferred by section 45JA of the Reserve Bank of India Act, 1934 (2 of 1934) and of all the powers enabling it in this behalf, hereby directs that the said Directions shall be amended with immediate effect as follows –

**2. The following point (v)(a) shall be inserted after point (v) of sub-para3.3 of Paragraph 3 and as point (iv)(a) after point (iv) of sub-para 3.4 of Paragraph 3 of the Guidelines provided in the Annex-IV to the aforementioned notification –**

Multiple revisions of the DCCO and consequential shift in repayment schedule for equal or shorter duration (including the start date and end date of revised repayment schedule) will be treated as a single event of restructuring provided that the revised DCCO is fixed within the respective time limits as stated in above points and all other terms and conditions of the loan remained unchanged.

If deemed fit, NBFCs may extend DCCO beyond the respective time limits quoted at (iii)(a) to (b) above; however, in that case, NBFCs will not be able to retain the 'standard' asset classification status of such loan accounts.

**3. The following point (v)(b) shall be inserted after point (v)(a) of sub-para3.3 of Paragraph 3 and as point (iv)(b) after point (iv)(a) of sub-para 3.4 of Paragraph 3 of the Guidelines provided in the Annex-IV to the aforementioned notification –**

In cases where NBFCs have specifically sanctioned a 'standby facility' at the time of initial financial closure to fund cost overruns, they may fund cost overruns as per the agreed terms and conditions.

In cases where the initial financial closure does not envisage such financing of cost overruns, NBFCs have been allowed to fund cost overruns, which may arise on account of extension of DCCO within the time limits quoted at (iii)(a) to (b) above, without treating the loans as 'restructured asset' subject to the following conditions:

- i) NBFCs may fund additional 'Interest During Construction', which may arise on account of delay in completion of a project;
- ii) Other cost overruns (excluding Interest During Construction) up to a maximum of 10% of the original project cost. This ceiling is applicable to financing of all other cost overruns (excluding interest during construction), including cost overruns on account of fluctuations in the value of Indian Rupee against other currencies, arising out of extension of date of commencement of commercial operations;
- iii) The Debt Equity Ratio as agreed at the time of initial financial closure should remain unchanged subsequent to funding cost overruns or improve in favour of the lenders and the revised Debt Service Coverage Ratio should be acceptable to the lenders;
- iv) Disbursement of funds for cost overruns should start only after the Sponsors/Promoters bring in their share of funding of the cost overruns; and
- v) All other terms and conditions of the loan should remain unchanged or enhanced in favour of the lenders.

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