

Guarantee Emergency Credit Line (GECL)

Scheme Details - YES BANK

As per the Guarantee Emergency Credit Line (GECL) scheme announced by Ministry of Finance in association with National Credit Guarantee Trust (NCGTC), Yes Bank Ltd. has approved the internal policy to provide Guaranteed Emergency Credit Line (GECL) facility to the existing YBL MSME/Business Entities customers in the form of Working Capital Term Loan. Detailed guidelines & norms that needs are as mentioned below

Sr. No	Parameter	Details
1	Name of the facility	Guaranteed Emergency Credit Line (GECL) by way of WCTL under ECLGS
2	Facility Type	Working Capital Term Loan (WCTL)
3	Tenure	Maximum 48 months with Principal moratorium of 12 months. Interest shall, however, be payable during the moratorium period The Principal shall be repaid in Maximum 36 instalments after the moratorium period is over. Interest to be serviced as and when applied.
4	Validity of Scheme	Scheme will be in force from May 23, 2020 and upto October 31, 2020 or till INR 3 Lakh crore sanctioned limit by Ministry under the scheme is exhausted, whichever is earlier as informed by the ministry from time to time
5	Purpose of the Scheme	To mitigate the economic distress faced by MSMEs due to Covid-19. Customer to utilize the funds to meet operating liabilities and for restarting operations after impact due to COVID-19.
6	Eligibility	All Borrower Accounts [Business Entities/MSME] constituted as Proprietorship, Partnership, registered companies, Trusts and LLPs satisfying below norms : <ul style="list-style-type: none"> • Total Outstanding loans upto INR 25 Crs from all Member Lending Institutions (MLI) as on February 29, 2020. • Total outstanding amount will comprise of the on balance sheet exposure. Off balance sheet and non-fund based exposure will be excluded • Annual turnover upto INR 100 Crs in the previous financial year [2019-20]. In case Accounts of the borrower are yet to be audited bank will rely on the Borrower's declaration about the Turnover [to be part of the customer request letter] • The scheme is valid only for the existing customers on the books of the Bank as on February 29, 2020. • Borrower account should be less than or equal to 60 days past due as on February 29, 2020 including for outside YBLs Loan. Borrower account which had NPA status or SMA-2 or Wilful defaulter status as on February 29, 2020 shall not be eligible under the scheme.

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		<ul style="list-style-type: none"> The MSME borrower must be GST registered wherever it is mandatory (This condition will not apply to MSMEs that are not required to obtain GST registration)
7	Loan amount	<p>a) Limit:</p> <p>i. Sole Lender - Max. 20% of the existing fund based outstanding of the borrower with YBL</p> <p>ii. Multiple Lender -</p> <p>a) In case NOC not obtained from other lenders - Max. 20% of the existing fund based outstanding of the borrower with YBL</p> <p>b) In case NOC obtained from all other lenders - Max. 20% of the existing fund based outstanding of the borrower across all Member Lending Institutions (MLI)</p> <p>Maximum loan amount is INR 5 Cr</p> <p>b) The facility will be considered as an exposure on the borrower and guidelines stipulated under the RBI Prudential Norms and market mechanism shall be adhered to.</p>
8	Margin	NIL
9	Security	<p>The additional WCTL facility shall rank second charge with the existing credit facilities, in respect of underlying security and cash flows.</p> <p>Charge on Current Assets financed through the additional WCTL to be created.</p> <p>Extension of charge on all the securities taken for existing loan to ensure second charge.</p> <p>No additional collateral security required for additional funding under GECL</p>
10	Guarantee Fee	Nil
11	Interest Rate	Interest rate to be EBLR + 1% subject to maximum 9.25% p.a.
12	Processing Fee	Nil
13	Prepayment Penalty	Nil for this facility
14	Penal Interest	NIL penal interest due to non-compliance of already accepted covenants on the existing credit facilities may be charged on additional loans

Frequently Asked Questions (FAQ) on Guaranteed Emergency Credit Line

1. What is Guaranteed Emergency Credit Line (GECL)?

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The GECL is a loan for which 100% guarantee would be provided by National Credit Guarantee Trustee Company (NCGTC) to the Bank, and which will be extended in the form of additional working capital term loan facility to eligible MSMEs/ Business Enterprises and interested Pradhan Mantri Mudra Yojana (PMMY) borrowers. Credit under GECL would be up to 20% of the borrower's total outstanding credit up to Rs. 25 crore, excluding off-balance sheet and non-fund based exposures, as on February 29, 2020, *i.e.*, additional credit shall be up to Rs. 5 crore.

2. What is the objective of the Scheme?

The Scheme is a specific response to the unprecedented situation COVID-19 to enable MSMEs/Business enterprises to meet their operational liabilities and restart their businesses.

3. What is the duration of the Scheme?

The Scheme would be applicable to all loans sanctioned under GECL during the period from May 23, 2020 to October 31, 2020, or till an amount of Rs. 3 lakh crore is sanctioned under GECL across all bank and lending institutions, whichever is earlier.

4. What will be the eligibility criteria for MSMEs to avail the benefit of the Scheme?

The eligibility criteria under the Scheme are as under:

- a. All MSME borrower accounts with combined fund based outstanding loans across all Lending institutions up to Rs. 25 crore as on February 29, 2020, and annual turnover of up to Rs. 100 crore in FY 2019-20. In case accounts for FY 2019-20 are yet to be audited/finalized, then Bank may rely upon the borrower's declaration of turnover or GST returns.
- b. The Scheme is valid only for existing customers on the books of the MLI.
- c. Borrower accounts should be classified as regular, SMA-0 or SMA-1 as on February 29, 2020. Accounts classified as NPA or SMA-2 as on February 29, 2020 will not be eligible under the Scheme.
- d. The borrower must be GST registered in all cases where such registration is mandatory. This condition will not apply to borrowers that are not required to obtain GST registration.

5. Borrowers under which constitutions are eligible to avail this scheme?

Proprietorship firms, partnership firms, limited liability partnerships (LLPs), registered companies and trusts are eligible.

6. Will GECL be extended as a separate loan account, or as part of the existing loan account of the borrower?

A separate loan account shall be opened for the borrower for extending additional credit under GECL. This account will be distinct from the existing loan account(s) of the borrower.

7. Will loans under the Scheme be automatically given without any application or solicitation from the borrower?

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An offer will be sent by YBL to all the eligible borrowers which they can choose to accept or not. If the borrowing entity decides to avail the loan, it will be required to complete requisite documentation and meet the terms and conditions as applicable.

8. What would be the procedure followed in case a borrower has loan accounts with multiple lenders?

- In case a borrower has existing limits with multiple lenders, GECL may be availed either through one lender or each of the current lenders in proportion depending upon the agreement between the borrower and all the Lending Institutions.
- In case the borrower wishes to take from any lender an amount more than the proportional 20% of the outstanding credit that the borrower has with that particular lender, a No Objection Certificate (NOC) would be required from all other lenders.
- No NOC will, however, be required if the GECL availed from a particular lender is limited to the proportional 20% of the outstanding credit that the borrower has with that lender.

9. To avail GECL, will it be necessary for existing loans of the borrower to be covered under existing guarantee schemes such as CGFMU or CGTMSE?

No.

10. Will the interest rate on GECL be capped?

Yes, interest rates on GECL are capped at External benchmark rate + Bank's internal spread + 1% subject to maximum of 9.25% per annum.

11. What would be the tenor of loans provided under GECL?

The tenor of loans provided under GECL shall be four years from the date of disbursement. No pre-payment penalty shall, however, be charged by the bank in case of early repayment for this facility

12. Is there any moratorium period prescribed under the Scheme?

Yes, a moratorium period of one year on the principal amount shall be provided for GECL funding. Interest shall, however, be payable monthly during the moratorium period. The principal shall be repaid in 36 instalments after the moratorium period is over.

13. Will any guarantee fee be charged under the Scheme by NCGTC?

As per current guidelines, NCGTC will not charge any guarantee fee under the Scheme.

14. Will any processing fee be charged by YBL for sanction of loans under GECL?

No. Bank shall not charge and processing fees on the GECL loan.

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15. Will YBL ask for any additional collateral for the GECL facility?

No additional collateral shall be asked by YBL for additional credit extended under GECL.

16. Will the categorization of existing loans extended through current Government schemes such as PMEGP or PMMY change if GECL is provided to such borrowers?

No. Existing loans extended through current Government schemes would continue to be categorized under that scheme as earlier. GECL under this Scheme shall be over and above the existing loan.

17. What will be the security on credit extended under GECL Scheme?

The credit under GECL will have second charge on existing securities with the existing credit facilities in terms of cash flows (including repayments) and securities. Charge will also be created on assets financed through credit extended under GECL scheme.

18. I run a business enterprise and have a GST registration. However, I am not registered as an MSME nor do I have Udyog Aadhar. My Bank also does not classify me as an MSME borrower. Am I eligible under the scheme?

You are eligible if

- you have total credit outstanding of Rs. 25 Crore or less across all banks and lending institutions as on February 29, 2020.
- your turnover for 2019-20 was upto INR 100 Crs.
- you have a GST registration or were not required to obtain such GST registration. Udyog Aadhar or recognition as MSME is not required under this Scheme

19. Though the scheme mentions 20%, but I have been offered a pre-approved loan of 15% only. Can the Bank do so?

Under ECLGS, Banks are to offer loans upto 20%. Actual loan extended can therefore be less than 20% subject to evaluation and due diligence being done by YBL based on conduct the account(s) of the borrowers with normal banking prudence

20. I operate a lending business. Am I eligible?

No Typically lending institutions get funds from banks/ NBFCs through on lending, refinance, asset purchase, securitization, assignment etc.

21. Can new MSME borrowers get covered under the scheme?

ECLGS scheme is only for existing borrowers on the books of the banks as on February 29, 2020.

22. Can co-applicant loans between entity and the promoter or director get covered under the scheme?

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For loans having co-applicant, only those existing loans where entity is the primary co-applicant are covered under the Scheme for additional emergency funding

23. Are off balance sheet loans provided to MSME borrowers covered as part of the scheme?

No, the scheme does not cover the off-balance sheet exposure. Only on balance sheet exposures outstanding as on February 29, 2020 are eligible to be covered under the scheme

24. Whether GECL can be extended to customers enjoying stand-alone LC or BG limits (Non-Fund Based limits)?

No, the limit eligibility is based on the fund based outstanding as on February 29, 2020. Non-fund based and off-balance sheet exposures are excluded.

To refer any further details, kindly visit the Emergency Credit Line Scheme (ECLGS) website - <https://www.eclgs.com/>.