

## **Policy in response to the Regulatory measures and reliefs announced by RBI in view of COVID 19**

### **Background :**

Given the pandemic situation due to COVID 19 all over India and the lockdown announced by the Central Government till April 14, 2020, the business activity has been adversely impacted and RBI Governor's Bi-Monthly Monetary Policy Statement issued on March 27, 2020 had announced certain regulatory measures to mitigate the debt-servicing burden on borrowers in view of the disruptions brought out by the current situation. As a follow up RBI has also issued a circular DOR.No.BP.BC.47/21.04.048/2019-20, dated March 27, 2020, detailing the guidelines (attached).

### **As part of the above circular RBI has enabled banks and NBFCs to allow**

- a re-schedulement of payments by way of moratorium of three months on payment of interest & principal on all term loan instalments and working capital payments falling due between March 1, 2020 and May 31, 2020 for all term loans.
- Instalments include all principal and interest payments, bullet repayments, EMIs, and credit card dues falling due between these dates.
- The repayment schedule for such loans as also the residual tenor, will be shifted across the board by three months after the moratorium period.
- Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period. It will be recovered from the customer separately or by adding to the principal and spreading it over the existing tenor (thereby increasing the EMI) or by increasing the tenor while retaining the EMI at current levels.

### **Company Finance will adopt the following policy for providing the said relief to its customers:**

- The policy will apply to all loans granted by Company and are outstanding in the books of Company as on March 31, 2020
- Company will offer facility of moratorium (for term loan instalments falling due between March 1, 2020 and May 31, 2020) to all borrowers who wish to avail of the same subject to adherence to the eligibility criteria to be framed by Company Finance.
- Company would be charging the interest, at the original contracted rate, for the moratorium period on the outstanding amount of loan to all those who avail the moratorium facility. This interest has to be paid by the customers as prescribed in this policy

- The repayment schedule of term loans will shift by up to three months and the tenor of the term loan will be commensurately extended. The instalment amounts / EMIs will be appropriately recalculated, including interest during moratorium period.
- If borrowers have already paid their instalments or serviced their interest in March 2020, such borrowers can avail moratorium for instalments falling due in April and May 2020.
- Company will consider offering the facility to customers who approach with a request or it may approach the customers and ask for their choice. This facility will only be offered to customers meeting the criteria laid down by Company Finance (SF) and is at the sole discretion of SF
- NACH will be presented for customers who do not wish to avail of the deferment or those who are not contactable

**Company will consider the following while exercising its discretion to offer or reject the moratorium request:**

- The stress on the borrowers on account of the pandemic (Impact on their business cash flows)
- The borrower should not be greater than 90 DPD or NPA (The status of the borrower as of Feb 29 2020 – current or overdue or NPA)

**Documentation:**

- Customer will need to accept the revised repayment schedule (in writing / email /other electronic forms).

**Validity of the policy:**

This policy shall be valid up to 31st May 2020 or any further period as may be extended by RBI

**Prudential norms:**

- The moratorium/deferment granted to borrowers will not qualify as default on the part of borrowers for the purposes of supervisory reporting and reporting to credit information companies (CICs).
- The relief given as above as per the special dispensation given by RBI will not result in any downgrade of asset classification.
- However, if there is an existing default like interest/principal due up to February 29, 2020, the usual asset classification and provisioning norms will apply.

While this policy outlines the broad internal guidance that Company will follow to take decisions regarding moratorium, Company retains the discretion to take decisions regarding this policy depending on case specific issues or nuances. Company reserves the right to amend the policy within the framework of RBI regulations. Any exceptions to the above policy will be approved by the MD or in case of SME borrowers by the Credit Committee of SF

Based on the above policy relevant operating procedures will be put in place to implement the policy