

## **Background**

The World Health Organization declared COVID 19 to be a pandemic. Like some of the other countries in the World, the virus' impact has led the Indian Government to announce a lockdown across the country, to restrict it from spreading further. As a result, the country's economy is impacted and this has a direct impact on loan repayments as well.

Considering this issue, on March 27, 2020 the Reserve Bank of India (RBI) announced various measures including moratorium on EMI payment for term loans/ deferment of interest in working capital facilities to eligible borrowers whose instalment is falling due between March 1, 2020 to May 31, 2020. (RBI Notification Ref: no RBI/2019-20/ 186 DOR.No.BP.BC.47/21.04.048/2019-20 "COVID-19 – Regulatory Package" dated March 27, 2020).

Considering the continuing disruption on account of COVID-19, RBI has announced further measures vide its Notification dated on May 23, 2020, to allow the lending institutions to extend the moratorium/interest deferment by another three months to eligible borrowers whose instalment is falling due between June 1, 2020 to August 31, 2020. The said RBI Notification requires amendment to the Policy which was approved by the Board in April 2020.

The above RBI Notifications mandates disclosure, in public domain, the Board approved policy for providing above mentioned reliefs. We are proposing as one-time measure to offer the facility of moratorium to selected customers. The policy is applicable for Term loans only. Working Capital Demand Loans are not covered in the regulatory package of RBI.

## **Purpose/ Objective**

The purpose of the policy is to lay down criteria, outline process to identify eligible borrowers and grant relief where applicable.

## **Eligibility Criteria**

Customers satisfying the following criteria would be eligible to seek for moratorium/interest deferment:

1. Only those clients whose instalment is falling due between March 1, 2020 to August 31, 2020 and who reach out to the Company for seeking the relief will be considered for provision of relief.
2. Borrowers whose businesses are significantly impacted due to COVID -19. Extent of impact to be evaluated by the company in conjunction with borrower's liquidity position, business plan and other factors.
3. Borrowers should clear all outstanding payments due prior to March 1, 2020 to avoid any penal charges and reporting to bureau.
4. There can be no moratorium on overdues prior to March1, 2020.
5. Moratorium will not be applicable to accounts which are classified as Non-Performing Asset prior to March 1, 2020 or have been written off from the books of the Company.

**Recommending Team & Approval Process**

1. The appropriate team managing the account (“Recommending team”) to prepare a note capturing all the relevant and necessary information including current liquidity position, impact of COVID-19 and any other relevant information for each borrower approaching for relief in payment.
2. The recommending team to prepare an internal note and propose the nature of relief to be granted.
3. MD & CEO (“Approving authority”) to review and approve any relief that’s granted for this period. Recommendations placed may be approved, rejected or approved with suitable modifications in consultation with the recommending team
4. The decision of the approving authority shall be communicated by the recommending authority to the eligible borrower in a form and manner as advised by the finance team. Approved borrowers shall be given moratorium only once. Finance team to share revised repayment schedule basis the approved proposal for relief for approved borrowers.
5. No penal interest will be charged for the period when moratorium is being offered as per the revised repayment schedule. However, interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period and will be payable along with the next instalment, after the end of the moratorium period.
6. The borrowers must submit consent for terms and conditions governing the moratorium and for the revised repayment schedule. The offer of moratorium and acceptance may be through any mode of communication (Email / Physical Document) and must be recorded.
7. The asset classification of term loans which are granted relief under this Policy shall be determined on the basis of revised repayment schedule. The rescheduling of payments will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies (“CICs”) by the Company.
8. Wherever the moratorium has been granted to the borrowers, the relevant team shall develop an MIS on the reliefs provided which shall inter alia include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted.

**Review/Revision of Policy**

If at any point a conflict of interpretation / information between the Policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities (“Regulatory Provisions”) arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions. The Board reserve(s) the right to alter, modify, add, delete or amend any of the provisions of the Policy.