



AMRIT MALWA CAPITAL LIMITED

Policy on Moratorium to borrowers due to financial stress caused by COVID-19

Version: 2020v.1

Reserve Bank of India (RBI) has released the Statement of Developmental and Regulatory Policies on March 27, 2020 that directly address the stress in financial conditions caused by COVID-19. One of the policies is easing financial stress caused by COVID-19 disruptions by relaxing repayment pressures and improving access to working capital. In this area, RBI has permitted all lending institutions including NBFCs to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. RBI has permitted to shift the repayment schedules and all subsequent due dates, as also the tenor for such loans across the board by three months. RBI has also asked all the lending institutions to put in place a Board approved policy in this regard.

The moratorium on term loans and the deferring of interest payments on working capital will not result in asset classification downgrade.

The moratorium on term loans will not qualify as a default for the purposes of supervisory reporting and reporting to credit information companies (CICs) by the lending institutions. Hence, there will be no adverse impact on the credit history of the beneficiaries.

Our company being a Non-Banking Finance Company registered with RBI is mainly into financing of vehicle loans which is most affected by the COVID-19 disruptions and hence the company has framed the following policy after taking into account the policy guidelines issued by RBI vide circular no. RBI/2019-20/186 DOR. No. BP. BC. 47 / 21.04.048 /2019-20 dated March 27, 2020:



1. The Board of Directors ("BoD") is authorized to formulate guidelines for providing moratorium on principal and interest for various categories of borrowers and to finalize related matters, as long as such guidelines are within the ambit of relaxations outlined in RBI circular 2019-20/ 186 DOR.No.BP.BC.47/21.04.048/2019-20 dated 27th March 2020.
2. Moratorium to various borrower categories is essentially to be granted to provide relief to such borrowers to tide over disruption to cash flows that may be caused by the corona virus related lockdown, related events and anticipated economic impact between 1st March, 2020 and 31st May, 2020. NPA cases as on February 29, would not be covered for moratorium.
3. Basis the type of product, customer segment/category, geography and/or other relevant parameters to determine extent of impact on the corona virus, BoD can define guidelines to provide relief including the process of providing moratorium, mode of communication and consent of borrowers (if relevant), and period of moratorium but not exceeding 3 months i.e. from March 1, 2020 to May 31, 2020. Accordingly, the repayment schedule for such loans as also the residual tenor will be shifted across the board after the moratorium period to such number of installments to cover the moratorium principal and interest.
4. The BoD may decide to offer moratorium to all customers in certain categories and products with more vulnerable customers without waiting for customer request with due notification of the changed loan amortization schedule in whatever method convenient so as to ensure the desired relief is provided in a seamless manner. In other categories, where the customers are less vulnerable, the BoD may decide to offer moratorium and extension of loan tenor based on customer request to less than 3 months.
5. The interest rate charged during the moratorium period will be the contracted rate at which



Since 1987

- loan agreements were entered into with the borrowers. Interest amount of the EMI deferred would be capitalized in the loan. The Interest charged during the moratorium period will be collected after the revised last instalment due date based on the moratorium granted by the company. Such Interest amounts would be collected in extended instalments and the extended instalment amount will be equivalent to the current instalment amount but for the last instalment which will be adjusted to arrive at the present contracted rate of such loan agreements.
6. In case a customer availing the moratorium is willing to pay the instalments during the moratorium period offered by the company, the same may be accepted by the company without any prepayment charges. The extended installments would consequently be reduced to arrive at the contracted rate.
 7. The above changes made in the Loan agreement is provided specifically to enable the borrowers to tide over the economic fallout from COVID-19. Hence the same will not be treated as change in terms and conditions of loan agreement due to financial difficulty of the borrower based on the above guidelines will not result in asset classification downgrade for the purposes of RBI reporting.
 8. The moratorium/deferment/recalculation of the 'drawing power' is being provided specifically to enable the borrowers to tide over economic fallout from COVID-19, the same will not be treated as concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower under paragraph 2 of the Annex-1 to the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated June 7, 2019 ("Prudential Framework"). Consequently, such a measure, by itself, shall not result in asset classification downgrade. The asset classification of term loans which are granted relief shall be determined on the basis of revised due dates and the revised repayment schedule.



9. The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies (CICs).
10. The Company has securitised/assigned its loan receivables to SPVs/Banks/institutions and the company has been appointed as servicer/partner for collection of instalments from the borrowers and remittance of the same to SPVs/Banks/Institutions. Hence the company will seek consent from these Trusts/Banks/institutions for granting moratorium for the instalments falling due between March 1, 2020 and May 31, 2020 from the concerned borrowers involved in these transactions.
11. The Key Management personnel of the Company shall ensure that the above instructions are properly communicated down the line to all the operations and branch executives of the company and clear instructions are issued to its staff regarding their implementation. The Managing Director and Chief Financial Officer are entrusted to implement the policy.
12. The company will communicate the information regarding the above to the borrowers through digital or electronic modes wherever possible.
13. The Company may at the request of the borrower continue to accept collections as per the original repayment schedule.
14. The company will also disclose the above policy in its web site www.amritmalwacapital.com