



MORATORIUM POLICY

OF

SUBHLAKSHMI FINANCE PRIVATE LIMITED

- Ver. 1.0 - April 2020
- Ver. 2.0 - May 2020

Index:

Contents

1.0	Introduction	3
2.0	Policy Applicability.....	3
3.0	Customer Identification	4
4.0	Moratorium Period and Methodology	4
5.0	Committee & Approval Process.....	5
6.0	Asset Classification	6
7.0	Display on Website	6
8.0	Annexure-1.....	7

1.0 INTRODUCTION

In light of the recent development in the global scenario, where we are witnessing shutdown on account of crisis triggered by COVID 19 pandemic, Subhlakshmi Finance Private Limited has assessed the situation and the likely impact on its business.

Further, the Reserve Bank of India (RBI) has taken multiple measures on March 27, 2020 to mitigate the negative effect of the virus, to revive growth and to preserve financial stability. Through this document, the Company has proposed moratorium to customers who are facing financial difficulty due to this pandemic.

2.0 POLICY APPLICABILITY

This is with reference to the RBI's Press Release dated March 27, 2020 on "Statement on Developmental and Regulatory Policies". The Statements sets out, interalia, various developmental and regulatory policies that directly address the stress in financial conditions caused by COVID-19.

Extract of the above is as below -

Moratorium on Term Loans

- All commercial banks (including regional rural banks, small finance banks and local area banks), co - operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies and micro-finance institutions) ("lending institutions") are being permitted to allow a moratorium of three months on payment of instalments in respect of all term loans outstanding as on March 1, 2020. Accordingly, the repayment schedule and all subsequent due dates, as also the tenor for such loans, may be shifted across the board by three months.
- The moratorium / deferment is being provided specifically to enable 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 agreements due to financial difficulty of the borrowers and, consequently, will not result in asset classification downgrade. The lending institutions may accordingly put in place a Board approved policy in this regard."

Pursuant to the above, RBI has also issued Circular for the COVID-19 Regulatory Package vide RBI/2019- 20/ 186 DOR.No.BP.BC.47/21.04.048/2019-20, dated March 27, 2020 titled "Covid-19 - Regulatory Package" also states as follows:

Rescheduling of Payments - Term Loans and Working Capital Facilities

In respect of all term loans (including agricultural term loans, retail and crop loans), all commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all- India Financial Institutions, and NBFCs (including housing finance companies) ("lending

institutions”) are permitted to grant a moratorium of three months plus on payment of all instalments falling due between March 1, 2020 and May 31, 2020. 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.

In addition to the above, **RBI has also issued extension on Moratorium vide, circular no. RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20 dated 23rd May 2020** titled “Covid-19 – Regulatory Package” which states as follows:

Rescheduling of Payments – Term Loans and Working Capital Facilities

In view of the extension of lockdown and continuing disruption on account of COVID-19, all commercial banks (including regional rural banks, small finance banks and local area banks), cooperative banks, All-India Financial Institutions, and Non-banking Financial Companies (including housing finance companies) (“lending institutions”) are permitted to extend the moratorium by another three months i.e. from June 1, 2020 to August 31, 2020 on payment of all instalments in respect of term loans (including agricultural term loans, retail and crop loans). Accordingly, the repayment schedule for such loans as also the residual tenor, will be shifted across the board. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.

3.0 CUSTOMER IDENTIFICATION AND OBJECTIVE CRITERIA

Identification of borrowers will be based on guidelines issued by RBI

- Moratorium may be provided on payment of instalments falling due between March 1, 2020 and August 31, 2020.*
- Customers already categorized as NPA will not be covered within the ambit of the policy.
- Moratorium will also not be applicable to the staff loan and other loans with concessional rate of interest. However, the same is applicable to staff loan taken on commercial rate of interest.

4.0 MORATORIUM PERIOD AND METHODOLOGY

Since it is not mandatory for NBFCs to offer moratorium to all borrowers, our Company may offer moratorium/deferment from one to three EMIs to borrowers on need based and who have been impacted by the COVID – 19 crises.

Customers who are requesting for moratorium/deferment will be informed about financial implications of such moratorium/deferment including the applicable interest on such action.

- EMI would not be charged to the customer whom moratorium is granted.
- Interest amount of the EMI deferred would be capitalized in the loan
- Residual tenor would remain same though EMI for subsequent months will be increased to give

effect of the capitalization of interest or keeping EMI constant, residual tenor will increase for EMI capitalized portion and repayment schedule will be redrawn, decision for the same will be taken by the Committee of officers formed for this purpose.

- Company would continue to present EMI dues as per normal process for the period March to August'2020 for all its customers, unless such customers specifically requested for moratorium after taking cognizance of the additional financial implication on their loan because of the moratorium/deferment.*
- Moratorium/deferment of EMI would be done month wise or up to 6 months at a time for EMI's falling due between 1st March 2020 to 31st August 2020, decision for the same will be taken by the Committee of officers on a case to case basis.*

5.0 COMMITTEE & APPROVAL PROCESS

- **Committee**

Decision for implementation of these guidelines at each customer loan level shall be entrusted to a Committee of officers, as under:

- Chief Executive Officer;
- Chief Financial Officer; and
- Head-Operations Department
- Head-Business Loan Department
- Head-Credit Department

- **Approval Process**

Company will present the EMI (Equated Monthly Installments) as per the due dates of the customers/ any other dates as per the policy of the Company. Now, the Company will possibly have below two scenarios, viz

- a) **EMI Amount Received:** Company will appreciate such customer for its commitment and efforts in hard times.
- b) **EMI Bounced:** In such case, Company personal will get in touch with the particular customer and try to understand the scenario, viz:
 - Customer is unable to pay the EMI at present and willing to avail moratorium period subject to maximum period of 6 months.*

In this case, the Company will assess the facts and the intention of the customer and if after assessment of his business/employment condition the company found the genuinity in all the issues and problems faced by the customer/s then the company will provide the moratorium of maximum period of 6 months.* To avail this, customer need to execute an

undertaking as per the format in **Annexure-I**.

- Customer will pay the EMI in the current month only but those customers who have not received the salary amount or business payment or unable to deposit the money in their accounts and the problems are genuine based on above exercise in point b) due to ongoing lockdown and other restrictions and requested for a later date for the presentation of the EMI, then the same will be done within this period of moratorium or a post that as the case may be as per the customer request. In this case EMI of the customer will be presented on that particular date as requested by the customer.
- In case the Company received request from the customer to restructure its loan due to reduction in his/her income or loss of job or any immediate financial crisis due to COVID-19 then, the company will consider his/her request after underwriting and risk assessment done by the Credit & Operation Department for each and every case. Also, there will be no restriction over upper maximum cap for the loan tenure in case of aforesaid rescheduled loan.

6.0 ASSET CLASSIFICATION

The loan accounts to whom relief has been granted by way of moratorium within the ambit of this policy and as governed by RBI circular, will not result in asset classification and/or downgrade.

The account status reporting to the credit bureaus will be as per the status prior to the moratorium period.

7.0 DISPLAY ON WEBSITE

The Board Approved - Moratorium Policy will be hosted on the Company's website for our Customers information and benefit as mentioned in the RBI's Circular.

**Pursuant to RBI circular no. RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20 dated 23rd May 2020 titled "Covid-19 – Regulatory Package", moratorium period is extended for another three months w.e.f. June 2020, therefore, total moratorium period mentioned in the policy at all the places as 3 Months, has been replaced by 6 months i.e., from 01st March 2020 to 31st August 2020.*

Annexure-I

AFFIDAVIT CUM UNDERTAKING

I/We,.....(name) S/o / D/o.....(name of father) R/o..... (address) having Loan account no._____ do hereby solemnly affirm and declare that:

1. I/we have applied to Subhlakshmi Finance Private Limited (hereinafter referred as "SFPL") for Business loan/General Loan/Loan Against Property and SFPL accepted my application and sanctioned the loan amount of
2. My/Our financial condition was sound and I/We was/were able to repay the loan according to repayment schedule provided by SFPL.
3. Due to "CORONA" pandemic, financial condition of market is volatile and it has affected my/our repaying capacity and so, I/we am/are unable to repay the equated monthly installments.
4. According to recent RBI guideline in the wake of "CORONA" pandemic, I request SFPL to permit ___ months (with effect from 1st of April 2020) moratorium to pay my/our equated monthly installments.
5. Once the three months' moratorium is over, I/We bound to pay my/our equated monthly installments as per revised repayment schedule given by SFPL, failing which Subhlakshmi Finance Private Limited will have right to report any default in repayment to the concerned financial institutions.
6. I will also provide new NACH and Security Post Dated Cheques as required by SFPL.
7. I understood penalties, Loan Recall Notice and all other rights of SFPL in the Loan Agreement will be enforceable over me/us.

DEPONENT/S

VERIFIICATION:

I/we solemnly state that the contents of this affidavit are correct and true to the best of my/our knowledge and belief and it conceals nothing.

Verified at on

DEPONENT/S