

COVID-19 MORATORIUM POLICY

Introduction:

Reserve Bank of India (RBI) vide press releases dated March 27, 2020 issued a Statement on Developmental and Regulatory Policies that directly address the stress in financial conditions caused by COVID-19 pandemic. On the same day RBI vide notification DOR.No.BP.BC.47/21.04.048/ 2019-20 COVID-19 – Regulatory Package, issued detailed instructions to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses.

One of the reliefs under the COVID-19 – Regulatory Package is easing financial stress caused by COVID-19 disruptions by relaxing repayment pressures and improving access to working capital. 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.

Dhanvarsha Finvest Limited (“the Company”), a Non-Banking Finance Company registered with RBI is mainly into financing of small and medium size enterprises which are most affected by the COVID-19 disruptions and hence the Company has framed the COVID-19 Moratorium Policy.

Scope:

The scope of this policy is to extend moratorium for instalments of loan which are due between March 1, 2020 and May 31, 2020.

Policy:

1. The Company will grant three months moratorium facility for the instalments falling due between March 1, 2020 and May 31, 2020 in respect of any type of term loan availed by the Borrowers from the Company.
2. Borrowers who are seeking moratorium from the Company, may apply for the same by writing to the Company from their registered email address at contact@df ltd.in, with their name, loan account number, mobile number along with a brief note on the impact of COVID-19 pandemic on their business.
3. The Company on receipt of request from the Borrower, would grant relief to Borrowers eligible as per COVID-19 – Regulatory Package and such decision is taken on cases to cases basis consideration the liquidity position of the Borrower, behaviour of the Loan Account, and other factual information.
4. Borrowers having overdues prior to March 1, 2020, may be subject to further diligence before granting relief under moratorium. Further, the Company shall extend moratorium only for

instalments of loan which are due between March 1, 2020 and May 31, 2020 to such Borrowers and approval of Joint Managing Director is obtained before granting any relief under the policy. There shall not be any moratorium granted for payments due prior to March 1, 2020.

5. Borrowers having overdues prior to March 1, 2020 may be advised to pay such overdue instalments/other amount overdue immediately, to avoid normal penal charges and to avoid reporting to Credit Bureau(s).
6. Interest will continue to accrue on the outstanding loan amount for which moratorium is provided at the same rate as contracted for the respective loan, and such interest will be collected as per applicable interest rate from the Borrower by extending the original tenor of the loan contract.
7. Accordingly, the repayment schedule for such loans as also the residual tenor will be shifted across the board by three months after the moratorium period. An updated loan repayment schedule will be sent to the registered email address of the Borrowers.
8. No Penal charges including Cheque bounce charges levied to on Borrowers who have been granted relief under moratorium.
9. The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Bureau(s).
10. The relief granted under moratorium and changes made in the Loan agreement under this policy is provided specifically to enable the Borrowers to tide over the economic fallout from COVID-19 pandemic. 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 COVID-19 – Regulatory Package will not result in asset classification downgrade for the purposes of RBI reporting as well as classification under IND AS for the purposes of provisioning.
11. The Company does not have any borrowers with exposure of Rs. 5 Crores and above.
12. 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.
13. The Company will communicate the information regarding the above to the borrowers through digital or electronic modes.
14. The Company shall continue to accept instalments as per the original repayment schedule, if a Borrower has not availed the relief under moratorium.
15. The Company will also disclose the above policy in its website www.dfltd.in