

## Moratorium- Policy

### A. Background:

Bhanix Finance and Investment Limited (hereinafter referred to as “CASHe”/” Company”) is a Public Limited Company incorporated under the Companies Act, 1956 and regulated & supervised by Reserve Bank of India.

On 27<sup>th</sup> March, 2020, the RBI has announced various regulatory measures to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure continuity of viable businesses (Reference RBI Circular no. RBI/2019-20/ 186 DOR. No. BP. BC.47/ 21.04.048/2019-20 dated March 27, 2020).

### B. Policy Applicability:

This is in reference to the RBI’s press release date March 27, 2020 on “Statement on Developmental and Regulatory Policies”. The Statement sets out, inter alia, various developmental and regulatory policies that directly address the stress in financial conditions caused by COVID-19. Extract of the press release is as below- Point No. 5 reads as under:-

#### 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 moratorium of three months on payment of instalments in respect of term loans outstanding as on March 01, 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.”

Further second para of point 6 reads as follows: “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:

#### “(i) 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 and micro-finance institutions) (“lending institutions”) are being permitted to allow moratorium of three months on payment of instalments in respect of term loans outstanding as on March 01, 2020. The repayment schedule for all 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.”

On May 23, 2020 RBI has issued another Circular for the COVID-19 Regulatory Package vide RBI/2019-20/244 DOR. No. BP. BC.71/21.04.048/2019-20 dated March 23, 2020 titled “COVID-19- Regulatory Package” also states as follows:

(i) 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), co-operative 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.

**C. Customer Identification and Objective Criteria:**

Identification of borrowers will be based on guidelines issued by RBI

- Moratorium would be approved on payment of all instalments falling due between March 01, 2020 and August 31, 2020.
- Customers already categorized as NPA and having payments overdue on or before February 29, 2020 will not covered within the ambit of the policy unless they clear their dues till 29th February 2020. However, management may provide the moratorium to a customer on case to case basis to cover other exigencies. The decision of the Company will be final on such cases.

**D. Process:**

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

The customers should communicate their request of moratorium on email to the Company. Once the request is submitted, Our Company representative(s) will ask the following information viz.

- Declaration and official communication from HR Head and Reporting Manager of that eligible customer stating :
  - Partial Salary cuts; or
  - Full Salary cuts; or
  - Lay off;

The declaration should have the contact details of HR Head & Reporting Manager with official email ids. The declaration also clearly specifies the reason as e.g. business loss due to COVID-19 and subsequent lock down. Any reasons pertaining to employee's performance, behavior or reasons not relevant to existing circumstances will be deemed unacceptable and the application will be rejected.

Once we will receive the requisite details, we will review the claims and share the final update to the customer with further plan of action, if any. Customer request will be processed once the NACH/E-Mandate is being registered/initiated with the Company.

#### **E. Moratorium Period and Methodology:**

Customers who are requesting for availment of moratorium/deferment will be informed about the 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
- Company would continue to present EMI dues as per normal process for the period March to August'20 for all 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 upto Six months at a time for EMI's falling due between 1<sup>st</sup> March 2020 to 31<sup>st</sup> August 2020 decision for the same will be taken on a case to case basis.

#### **G. 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 Credit Information Companies ("CIC") will be as per the status prior to the moratorium period.

#### **H. Implementation & review of Policy:**

The Board of Directors are authorized to approve any operational procedures/guidelines as may be required to implement the policy and make any changes to the policy in line with the directions/guidelines issued by RBI from time to time.

The policy shall be reviewed as and when considered necessary by the Board of Directors of the Company.

#### **I. 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.