

**COVID-19 RELIEF POLICY**

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**Version Control Sheet - Summary of Key Changes**

Sr. No	Date	Main Heading	Description of Changes	Page Nos.
1	28 <sup>th</sup> March'20	Creation	=	=
2	22 <sup>nd</sup> May'20	Relaxation	Extension of moratorium period of three months to six months. Therefore, moratorium period is 1 <sup>st</sup> March, 2020 to 31 <sup>st</sup> August, 2020.	3 & 4

## COVID 19 RELIEF POLICY

**Background:** To address the stress in the financial sector including easing the pressure of EMIs on borrowers caused by COVID-19, the RBI has come up with a Notification titled “COVID 19 PACKAGE” on 27<sup>th</sup> March, 2020. These measures are intended to mitigate the burden on debt-servicing caused due to disruptions on account of COVID-19 pandemic. These measures include moratorium on term loans, deferring interest payments on working capital and easing of working capital financing and permitted all NBFCs to grant a moratorium of six months on payment of all instalments falling due between March 1, 2020 and August 31, 2020. The RBI has also advised to form Board Policy for providing reliefs under COVID-19 package. The Policy on Relief amid COVID-19 Disruption have been drafted and issued in the above context.

### I. Applicability

The policy extends to all the products of Paras Capfin i.e. Enterprise Group Loan, Micro Business Loan and Loan against Property.

### II. Eligibility Criteria

Borrowers whose EMI falling due between 1<sup>st</sup> March, 2020 to 31<sup>st</sup> August, 2020 are eligible to avail relief under the policy

The Borrowers to whom the loan is disbursed after 1st March, 2020 is also eligible under the policy.

### III. Relaxation

All eligible borrowers, who request for it, will be provided moratorium of maximum of 6 months on payment of all EMIs falling due between March 1, 2020 and August 31, 2020. The intention is to shift the repayment dates to end of the repayment schedule by extending the tenor by up to six months.

*“Moratorium is a sort of granting of a ‘holiday’- it is a repayment holiday where the borrower is granted an option to not pay during the moratorium period”*

There will be 2 options for repayment of the moratorium period interest

1. The interest for the moratorium period will have to be paid by all the borrowers opting for same within 180 days of end of the Moratorium Period. The tenor of the loans will be extended by the period for which the moratorium has been given
2. The interest for the moratorium period will be added back to the principal and the loan will be rescheduled with a higher EMI to be paid by the customer

#### **IV. Levy of delayed payment charges**

Shifting of repayment dates doesn't amount to default payment. Therefore, there will be no overdue interest or delayed payment charges to be levied.

#### **V. Acceptance by Borrowers**

Paras may provide an option to the borrower to either continue with the existing terms or opt for the moratorium. In case the borrower fails to respond or remains silent, it would be a deemed confirmation on the moratorium. In case of acceptance by the borrower to opt for moratorium, including deemed acceptance, the revised terms will be shared with the borrower- either electronically or through a telephone call.

#### **VI. Asset Classification**

For all Borrowers opting for Moratorium, Asset classification as on 1<sup>st</sup> March, 2020 shall stand still during moratorium period. There shall be no impact on NPA classification.

#### **VII. Others**

(a) Grant of moratorium will not be treated as change in terms and conditions of loan agreements.

(b) The moratorium on term loans will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies (CICs). Hence, there will be no adverse impact on the credit history of the borrowers.

(c) In Co-Lending / Partnership Model the moratorium policy as followed by the Lender will be offered to the borrowers

(d) Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period. The interest will be charged on Simple Interest basis as per the rate of interest on which the loan has been given. This additional interest will have to be paid by the borrower within 6 months of end of Moratorium Period