

## COVID - 19 MORATORIUM POLICY II

### Introduction

The Reserve Bank of India (RBI) announced a series of regulatory measures on March 27, 2020 and on April 17, 2020 in the wake of the disruptions on account of COVID-19 pandemic and the consequent asset classification and provisioning norms. In line with these measures, the Board of Directors of DEEVEE COMMERCIALS LIMITED ("the Company"), approved moratorium policy for its borrowers on April 6, 2020. In terms of the approved policy, the Company provided repayment moratorium to all eligible borrowers from March 1, 2020 to May 31, 2020.

On May 22, 2020, RBI further noted that the intensification of COVID-19 disruptions has imparted priority to relaxing repayment pressures and improving access to working capital by mitigating the burden of debt servicing, prevent the transmission of financial stress to the real economy, and ensure the continuity of viable businesses and households. As such, RBI permitted lending institutions to extend the repayment moratorium by another three months, from June 1, 2020 to August 31, 2020.

Reserve Bank of India circular RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020 ("RBI Circular") detailing the extension of moratorium is provided in Annexure 1. In terms of the RBI Circular, RBI has directed lending institutions including NBFCs to frame Board approved polices for providing the reliefs mentioned in the RBI Circular to all eligible borrowers.

While the lockdown across the country persists, many sectors of the economy including manufacturing, transportation and services have seen gradual relaxation/opening over the past 30-45 days. As such, overall economic climate as well as the ability of the customers to pay is likely to improve over the next 60-90 days. In view of this, the Company proposes to offer moratorium to its customers in line with their ability to pay as against blanket moratorium offered during March-May 2020.

### Policy:

**Moratorium Period:** This would include (a) the moratorium period of three months permitted under the RBI March 2020 Circular from March 1, 2020 to May 31, 2020 and the moratorium policy approved by the Company's Board in April 2020 and (b) the moratorium period of additional three months June 1, 2020 to August 31, 2020 permitted under the RBI May 2020 Circular and being approved by the Company's Board under this amendment to moratorium



policy, the moratorium period pursuant to this amended moratorium policy will be maximum period of six months from March 1, 2020 to August 31, 2020 (both days inclusive).

**Key Features:**

- A. The borrowers who wish to opt for the Moratorium shall apply to the Company for the same
  - i. For borrowers who apply for the Moratorium and are granted the same, there would be no scheduled payments to be made during the Moratorium Period. Accordingly, for all the borrowers who are granted Moratorium, the next scheduled payment on their loan will be on or after September 1, 2020.
  - ii. As a result of the Moratorium, the repayment schedule for the loan would effectively be shifted by further three months. All payments falling due during the Moratorium Period would be repayable by the borrower in 6 (six) monthly instalments (including the 3 months provided under the first moratorium policy). These 6 instalments would be added to the loan after the end of the originally approved repayment schedule i.e. final maturity of the loan would be extended by a period of 6 months.
  - iii. Interest shall continue to accrue on the outstanding portion of the credit facilities during the moratorium period and shall be adjusted/ recovered in the revised instalments of such credit facilities.
- B. If a borrower does not wish to opt for the Moratorium and prefers to continue servicing the loans as per the original approved repayment schedule, such borrower would continue to service the loans without any change in original approved repayment schedule.
- C. All other points of the policy approved in April 2020 relating to Asset Classification, Supervisory and Credit Bureau reporting and MIS pertaining to reliefs granted shall apply mutatis mutandis.





भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2019-20/244

DOR.No.BP.BC.71/21.04.048/2019-20

May 23, 2020

All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks)  
All Primary (Urban) Co-operative Banks/State Co-operative Banks/ District Central Co-operative Banks  
All All-India Financial Institutions  
All Non-Banking Financial Companies (including Housing Finance Companies)

Madam/Dear Sir,

#### COVID-19 – Regulatory Package

Please refer to the Circular DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 and Circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 announcing certain regulatory measures in the wake of the disruptions on account of COVID-19 pandemic and the consequent asset classification and provisioning norms. As announced in the Governor's Statement of May 22, 2020, the intensification of COVID-19 disruptions has imparted priority to relaxing repayment pressures and improving access to working capital by mitigating the burden of debt servicing, prevent the transmission of financial stress to the real economy, and ensure the continuity of viable businesses and households. Consequently, the detailed instructions in this regard are as follows:

#### (i) Rescheduling of Payments – Term Loans and Working Capital Facilities

2. 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. In respect of working capital facilities sanctioned in the form of cash credit/overdraft ("CC/OD"), lending institutions are permitted to allow a deferment of another three months, from June 1, 2020 to August 31, 2020, on recovery of interest applied in respect of all such facilities. Lending institutions are permitted, at their discretion, to convert the accumulated interest for the deferment period up to August 31, 2020, into a funded interest term loan (FITL) which shall be repayable not later than March 31, 2021.

**(ii) Easing of Working Capital Financing**

4. In respect of working capital facilities sanctioned in the form of CC/OD to borrowers facing stress on account of the economic fallout of the pandemic, lending institutions may, as a onetime measure,

(i) recalculate the 'drawing power' by reducing the margins till August 31, 2020. However, in all such cases where such a temporary enhancement in drawing power is considered, the margins shall be restored to the original levels by March 31, 2021; and/or,

(ii) review the working capital sanctioned limits upto March 31, 2021, based on a reassessment of the working capital cycle.

5. The above measures shall be contingent on the lending institutions satisfying themselves that the same is necessitated on account of the economic fallout from COVID-19. Further, accounts provided relief under these instructions shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19.

6. Lending institutions may, accordingly, put in place a Board approved policy to implement the above measures.



## Asset Classification

7. The conversion of accumulated interest into FITL, as permitted in terms of paragraph 3 above, and the changes in the credit terms permitted to the borrowers to specifically tide over economic fallout from COVID-19 in terms of paragraph 4 above, will not be treated as concessions granted due to financial difficulty of the borrower, under Paragraph 2 of the Annex to the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated June 7, 2019 ('Prudential Framework'), and consequently, will not result in asset classification downgrade.
8. In respect of accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted in respect of term loans, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under the IRAC norms. The asset classification for such accounts shall be determined on the basis of revised due dates and the revised repayment schedule.
9. Similarly, in respect of working capital facilities sanctioned in the form of cash credit/overdraft ("CC/OD"), where the account is classified as standard, including SMA, as on February 29, 2020, the deferment period, wherever granted in terms of paragraph 3 above shall be excluded for the determination of out of order status.
10. All other provisions of circulars dated March 27, 2020 and April 17, 2020 shall remain applicable *mutatis mutandis*.

Yours faithfully,

(Saurav Sinha)

Chief General Manager-in-Charge

