UNACCO FINANCIAL SERVICES PRIVATE LIMITED

Policy on Moratorium to borrowers due to financial distress caused by COVID-19 Pandemic Approved by the Board on 30th May, 2020

Background and Objective

Reserve Bank of India (RBI) in its press release "Statement on Developmental and Regulatory Policies" read with the circular no. RBI/2019-20/DOR.No.BP.BC. 47/21.04.048/2019-20 dated March 27, 2020 has, inter alia, permitted all lending institutions including NBFC-MFI's to grant a moratorium of three months on payment of all installments falling due between March 1, 2020 and May 31, 2020, and in continuation of that a press release dated 22, May , 2020 extended the moratorium to another period of 3(three) months from June 01 till 31st August. 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. These regulatory measures were announced 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. Further, to extend the abovementioned relief to the borrowers, RBI has asked to frame a Board approved policy and also disclose it in public domain.

Our company being a NBFC-MFI registered with RBI has framed the following policy after taking into account the RBI press release and circular as stated above:

Borrowers eligibility criteria

Borrowers satisfying following criteria would be eligible for loan instalment moratorium:

- 1. All borrowers across product having outstanding loans as at 1st March 2020 except Loans with overdue as on 29th February 2020 and Loans with maturity date lies from 1st March 2020 to 1st August 2020.
- 2. The moratorium shall be extended across the borrowers however their account status prior to lockdown will be remained same.
- 3. The borrowers must give consent either in prescribed format or telephonic whichever is feasible for terms and conditions governing the moratorium and for the revised repayment schedule



Moratorium relief

- 1. The company will give moratorium for the installments falling due between March 1, 2020 and August 31, 2020 in respect of any type of loans granted to its borrowers.
- 2. 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. Whereas the repayment for the month of march is paid voluntarily by the borrowers the moratorium will apply to the remainder of 2 months instead of three. However, if any voluntary payment of instalment is received during the moratorium period, the amount shall be adjusted against the loan as part prepayment of principal without any prepayment charges
- 3. Also the moratorium or rescheduling of instalments shall necessitate change in the loan papers/ agreements executed with the borrowers, which will be incorporated as soon as normalcy is restored
- 4. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period as well as the extended tenor of loan. The Interest charged during the moratorium period of three months will be accumulated and collected with the last three instalments of the revised loan tenor such that the contracted internal rate of return is maintained.
- 5. The interest rate charged during the moratorium period will be at the rate at which loan agreements were entered into with the borrowers.
- 6. Since the moratorium is provided to enable the borrowers to tide over economic fallout from COVID-19, the asset classification and provisioning requirements of loans which are granted moratorium shall be determined on the basis of revised due dates and the revised repayment schedule.
- 7. The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies (CICs) by the Company.
- 8. The Company may at the request of the borrower continue to accept collections as per the original repayment schedule.



- 9. For Clients who have opted for EMI Moratorium a new repayment schedule will be generated for each of the applicable loans which will be provided to clients while the Old loan card will not be destroyed and will be punched with the new one.
- 10. As our Company is permitting moratorium to its borrowers to ease the financial stress caused by COVID-19 disruptions, consequently cash inflows to the company will be interrupted; hence, applications to seek moratorium shall be given to our lenders under various facilities availed by the Company as far as permitted by the lenders.
- 11. The Board of Directors authorizes the Managing Director, Mr N. Irananta Singh, to take appropriate actions towards implementation of this policy and communicate the above instructions down the line in the organization and to the external parties associated with the Company whenever it is required.
- 12. The Company will communicate the information regarding the above to the borrowers through digital or electronic modes and disclose the same in its website.
- 13. The Board hereby authorizes Mr Mridul Deuri, MIS Department to do all that is needful to inculcate necessary changes in the system for smooth flow of operations and also reflect this policy in the official website of the Company.
- 14. UNACCO FINANCIAL SERVICES PVT. LTD. will adhere to RBI Directions and MFIN guidelines on submission of restructured credit record to CICs.

However, depending upon exigencies of situation the policy may be changed with the approval of the Board of Directors of the company as well as in line with the guidelines of the Appropriate Authority

For and On Behalf of the Board of Unacco Financial Services Pvt Ltd

FOR UNACCO FINANCIAL SERVICES PVT. LTD.

Managind Director

Shri N. Irabanta Singh Managing Director

