

POLICY DOCUMENT ON COVID-19 REGULATORY RELIEF PACKAGE

1. Objective :

As the world economy including the Indian economy is presently faced with the COVID-19 pandemic, the Prime Minister Mr. Narendra Modi on March 24, 2020 announced a 21 day complete lockdown of the country. The country began facing the effects of the pandemic since the beginning of March 2020.

The objective of this policy is to provide relief to borrowers, in order 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.

The policy is based on the instructions issued by Reserve Bank of India vide their Circular No. RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 on COVID-19 Regulatory Package.

Eligible borrowers: All borrowers with outstanding borrowing facilities with the Bank as on March 1, 2020.

2. Types of Relief :

- a) Rescheduling of Payments – Term Loans
- b) Rescheduling of Interest – Working Capital facilities.
- c) Easing of Working Capital Financing.
- d) Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA).

a) Rescheduling of Payments – Term Loans

(i) All term loans (including agricultural term loans, retail and crop loans) i.e. all types of loans with instalment and/or interest/ EMI repayments to be granted a moratorium of three months on payment of instalments* falling due between March 1, 2020 and May 31, 2020.

*Instalments include (i) instalment of principal and /or interest component (ii) bullet repayments (iii) Equated Monthly Instalments.

(ii) Interest on all the loans, will continue to accrue on the outstanding portion of the term loans during the moratorium period.

- In case of Principal Equitably Distributed accounts (Non-EMI) - The amount of interest accrued for the period March 1, 2020 to May 31, 2020 will be capitalized to the outstanding on June 1, 2020, and principal instalment, reworked accordingly, including the 3 additional months.

- In case of Equated Monthly Instalment accounts (EMI) - The amount of interest accrued for the period March 1, 2020 to May 31, 2020 will be capitalised to the outstanding on June 1, 2020, and EMI, reworked accordingly including the 3 additional months.

(iii) No penal interest will be charged on the interest accruing on the term loan, between March 01, 2020 and May 31, 2020. It will continue to be charged on overdue amounts outstanding as on March 1, 2020.

(iv) 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.

- In case of Principal Equitably Distributed accounts (Non-EMI) – The revised Principal instalment amount will be recalculated on June 1, 2020 after capitalising the interest accrued between March 01, 2020 and May 31, 2020. The revised Principal instalment amount will be applicable wef June 1, 2020 for the residual tenure + additional 3 months.

- In case of Equated Monthly Instalment accounts (EMI) - The EMI will be recalculated on June 01, 2020 after capitalising the interest accrued between March 01, 2020 and May 31, 2020. The revised EMI will be applicable w.e.f June 1, 2020 for the residual tenure + additional 3 months.

(v) The revised repayment schedule for both EMI and Non-EMI accounts will be conveyed to all borrowers by email. Borrowers may update their email addresses to their respective branches.

b) Rescheduling of Interest – Working Capital facilities

(i) In respect of working capital facilities sanctioned in the form of cash credit/ overdraft limits, the recovery of interest accrued in respect of all such facilities during the period from March 1, 2020 upto May 31, 2020 will be deferred.

(ii) The accumulated accrued interest as per (i) above will fall due on June 1, 2020 and shall be recovered immediately.

(iii) No penal interest will be charged on the interest accruing in the account between March 1, 2020 and May 31, 2020.

(iv) Regular operations may continue in the account, pending the servicing of interest, as above..

c) Easing of Working Capital Financing

(i) In respect of working capital facilities sanctioned in the form of Cash credit / Overdraft limits to borrowers facing stress on account of the economic fallout of the pandemic, the Bank may on case to case basis, recalculate the 'drawing power' by reducing the margins on stock and debtors outstanding and / or by reassessing the working capital cycle.

(ii) This relief shall be available in respect of all such changes effected upto May 31, 2020.

(iii) The borrower claiming relief under (c)(i) above will provide necessary justification that the claim for relief is due to the impact of the economic fallout on the business, due to COVID-19.

(iv) The Borrowers will be advised that the Bank is subject to RBI's review, with regard to the justification accepted by the Bank on account of the economic fallout from COVID-19.

d) Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA)

(i) Since the moratorium / deferment/ recalculation of the 'drawing power' is being provided specifically to enable the borrowers to tide over economic fallout from COVID-19, the same will not be treated as concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower. Consequently, such a measure, by itself, shall not result in asset classification downgrade.

(ii) Hence, the asset classification of the accounts which are provided the relief under Sr.no. 2 above, will continue and these accounts will not be downgraded during the period from March 1, 2020 to May 31, 2020 on account of the relief granted.

(iii) The asset classification of the term loans granted the above relief under Sr.no.2 (a) above shall be determined on the basis of the due dates and the revised repayment schedule.

Similarly, working capital facilities where relief is provided as per Sr.No.2 (b) above, the SMA & the out of order status shall be evaluated considering the application of accumulated interest immediately after the completion of the deferment period on June 1, 2020 as well as the revised terms as permitted in terms of Sr.no. 2(c) above, if any.

3. Reporting to Credit Information Companies (CICs) and supervisory reporting :

The rescheduling of payments (Sr.No. 2 above), including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to CICs.

4. Customer responsibility

(i) To be aware of the COVID-19 regulatory package by visiting the Bank's website / contacting their respective branch.

(ii) To provide necessary justification of the impact on working capital due to COVID-19 if claiming relief under Sr.no. 2(c) above. Borrower to approach the Bank for such relief.

(iii) To continue to service repayment obligations in case of available means / adequate cash flows as the reliefs are a deferment and not a waiver.

(iv) To update their contacts - mobile number, email addresses, etc.

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