

## **Shapoorji Pallonji Finance Private Limited**

### **COVID-19 - Moratorium Policy ("Policy")**

#### **Background**

The World Health Organization (WHO) has declared the recent outbreak of the novel coronavirus disease (COVID-19) a pandemic indicating significant and ongoing person-to-person spread in multiple countries, with the uncertainty about the extent of spread and the likely impact on the businesses. This has a direct impact on facility / loan repayments as well.

Considering this issue, the Reserve Bank of India ("**RBI**"), vide RBI Notification Ref: no RBI/2019-20/ 186 DOR.No.BP.BC.47/21.04.048/2019-20 "COVID-19 – Regulatory Package" dated March 27, 2020 and amendments thereto ("**said Notification**"), has announced various measures 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, including, moratorium on term loans wherein NBFCs are being permitted to allow a moratorium of three months or such period as extended by RBI from time to time on payment of instalments in respect of term loans outstanding as on March 1, 2020

#### **Objective**

The said Notification required that lending institutions frame a Board approved policy for providing reliefs to eligible borrowers, inter alia, including the objective criteria for considering moratorium relief and disclosed in public domain. Accordingly, this Policy as approved by the Board of Shapoorji Pallonji Finance Private Limited ("**SPFPL**" or "**Company**") is placed for information of its borrowers.

#### **Definitions:**

- (a) "**Board**" shall mean the board of directors of the Company as constituted from time to time;

(b) **“Instalments”** will include the following payments payable by eligible borrowers to the Company falling due from March 1, 2020 to May 31, 2020 (both days inclusive) or such period as extended by RBI from time to time:

- (i) principal and/or interest;
- (ii) bullet repayments;
- (iii) equated / monthly / quarterly/Periodic instalments;

(c) **“Operations Management Committee”** shall mean the operations and management committee of the Company;

### **Customers Eligible for Moratorium**

Subject to the limitation mentioned below (**“Limitations”**), borrowers satisfying the following criteria would be eligible to seek moratorium of three months on payment of all Instalments falling due between March 1, 2020 and May 31, 2020 (both days inclusive) or such period as extended by RBI from time to time:

- (a) All borrowers of SPFPL (including, companies, partnership firms, limited liability partnership firms, individuals, etc.) having outstanding facilities/loans as on March 1, 2020; and
- (b) The business of the borrower has been impacted due to COVID -19; and
- (c) The borrower has submitted the information as requested by SPFPL and consented to terms governing the moratorium and the revised repayment schedule.

### **Limitations**

The following facilities / loans of the borrowers shall not be eligible to seek moratorium in terms of the said Notification:

- (a) Short Term Loans/Inter Corporate Deposit and Vendor Financing customers will not be eligible for moratorium apart from relaxation for operational difficulties due to lockdown conditions.

- (b) Borrowers / group companies of borrower are under DRT, SARFAESI, NCLT / IBC Insolvency proceedings or any other material legal proceedings if applicable and borrower's classified as willful defaulters or fraud.

### **Procedure**

- (a) Eligible borrowers may send the request for grant of moratorium to the concerned relationship officer by an email or a letter signed by the authorised signatory. This email/letter is required to be sent by the authorised signatory/s of the borrower to the concerned relationship manager managing the account.
- (b) The relationship manager shall call for such information which may include, but is not limited to the following:
  - (a) Background of the eligible borrower;
  - (b) Facility / loan details;
  - (c) COVID-19 impact on the eligible borrower's business and cash flows;
  - (d) Moratorium period requested for the facility / loan and justifications;
  - (e) Steps to be taken by the borrower to mitigate the effects of COVID – 19 on his business and resumption of business;
- (c) The relationship manager and the credit manager managing the account shall prepare a proposal as per the guidelines of the Company and submit the same for consideration of the Operations Management Committee;
- (d) The Operations Management Committee shall consider moratorium requested on a case to case basis as per the merits of each eligible borrower in line with the Policy and the directions / guidelines issued by RBI from time to time.
- (e) Upon approval the terms governing the moratorium and for the revised repayment schedule shall be shared with the eligible borrowers. Accordingly, the repayment schedule for such loans 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

- (f) Appropriate documentation, in respect of changes/moratorium, shall be done post the easing of lock down restrictions, in a reasonable time bound manner.
- (g) Interest will continue to accrue during the moratorium as per the terms of the financing documents. However, mechanism of the recovery of interest shall be determined on case to case basis and approved by the Operations Management Committee.
- (h) Since the moratorium/deferment/recalculation of the Instalment is being provided specifically to enable the eligible borrowers to tide over economic fallout from COVID-19, the same will not be treated as restructuring due to COVID-19 or concession or change in terms and conditions of loan agreements due to financial difficulty of the eligible borrowers. Hence, these reliefs will not result in downgrading of asset classification of the eligible borrowers. This also will not qualify as a default for reporting to Credit Information Companies and also under supervisory reporting for RBI, SEBI or any other regulatory bodies, where applicable
- (i) Any information / MIS required by the RBI, SEBI or any other regulatory bodies, where applicable, shall be submitted to them. Further, the provisioning in respect of accounts where moratorium / deferment is granted shall be in accordance with the RBI Guidelines, Notifications, Circulars, etc and disclosures required in relation to moratorium / deferment granted, SMA / Overdue status, Provisioning, etc; if any shall be made appropriately in the Financial Statements

### **Miscellaneous**

Additional/default interest may or may not be charged on case by case basis for delay in payment of interest / instalment dues during the period from 1<sup>st</sup> March 2020 to 31<sup>st</sup> May 2020 or such period as extended by RBI from time to time if the amount is paid within 7 days of lifting of lockdown.

Also for security creation pending during the lockdown period if the security is created within reasonable period from the date of lifting of lockdown/restrictions default/additional interest may be waived on case to case basis.

The Policy shall be subject to the said Notification and guidelines issued by RBI from time to time. The Policy shall stand amended / modified from time to time in accordance with and to align with RBI guidelines issued in this regard.

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