



Policy on EMI Moratorium/ Deferment of Interest/ Recalculation of Drawing Power

– basis the circulars issued by RBI due to COVID 19

Approved in the Board meetings held on 31-03-2020 and 27-05-2020

Background and Objective

The World Health Organization recently declared COVID 19 to be a pandemic. It is predicted that Indian Economy will have a severe impact and it would lead to various issues including delayed salary credits for the salaried segments and deferred cash inflow for self-employed, mini, micro, small and medium segment enterprise wherein it would indirectly impact repayment of almost all finance facilities lent by Bank/NBFCs and FIs.

RBI Governor's Bi-Monthly Monetary Policy Statement issued on March 27, 2020 had announced certain regulatory measures to mitigate the debt-servicing burden on borrowers in view of the disruptions brought out by the current situation. As a follow up RBI has also issued a circular DOR.No.BP.BC.47/21.04.048/2019-20, dated March 27, 2020, detailing the guidelines. Accordingly, the following customer specific points of the Board approved Policy of TVS Credit Services Limited (TVS Credit / the company) is placed for information of the customers.

Customers eligible for moratorium/deferment:

This policy applies to all credit facilities granted and disbursed by TVS Credit and outstanding as on March 31, 2020. This is not applicable to loan disbursements to be made in April 2020 and thereafter.

The company will offer to all borrowers who wish to avail of the facility of moratorium (for term loan instalments falling due between March 1, 2020 and May 31, 2020) and / or deferment of interest for the months of March to May 2020 to all borrowers who availed working capital facilities

The company would be charging the interest, at the original contracted rate, for the moratorium period on the outstanding amount of loan to all those who avail the relief as provided in the RBI circular. This interest has to be paid by the customers as prescribed in this policy

Customers satisfying following criteria would be eligible to seek for EMI moratorium/interest deferment:

- a) All the salaried/self-employed, Individual and non-individual borrowers (including Ltd companies, Partnerships & Proprietorships etc.) across products having outstanding loans as at 1st March 2020.
- b) The account can be Standard or otherwise
- c) The customers must submit consent for terms and conditions governing the moratorium and for the revised repayment schedule in the prescribed format
- d) The offer of moratorium/decrement and acceptance may be through any mode of communication (Email/SMS/Digital Document/Voice Recording/Physical Document).

Restrictions:

- a) Borrowers under DRT, SARFAESI, Insolvency proceedings & borrowers classified as Fraud, will continue to remain ineligible.
- b) National Company Law Tribunal (NCLT)/Insolvency & Bankruptcy Code (IBC) cases are not eligible for moratorium/deferment without express approval from NCLT/IBC

Details of Reliefs Eligible:

1) Term Loans (repayment in the form of EMI):

- a) Moratorium of EMI (component of interest and principal) deferment due from the month of March 2020 to May 2020 (up to 3 months). Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.
- b) The repayment schedule of term loans will shift by up to three months and the tenor of the term loan will be commensurately extended. The instalment amounts / EMIs will be appropriately recalculated, including interest during moratorium period.
- c) If borrowers have already paid their instalments or serviced their interest for March 2020, such borrowers can avail moratorium for instalments falling due in April and May 2020.
- d) The company would be presenting the post-dated cheques / actioning ECS or NACH - mandates etc., provided by the customers, for collection as per the respective due dates. Customers who are desirous of availing the relief under the RBI circular, should send a confirmation in response to the communication sent by the company. The response or desire to avail the moratorium or otherwise may be shared by the customer by giving a missed call to the number mentioned in the communication sent to all customers through their registered mobile number or through the customer care toll free number or through any forms as specified by the company
- e) Customers, whose instrument so sent for collection is not cleared, will be deemed to have availed of the moratorium and necessary relief would be provided as per the RBI guidelines.

2) Relief for working capital facilities:

- a) In the case of Overdraft / Cash Credit the company will offer deferment of interest applied to all borrowers for the months of March 2020, April 2020 and May 2020.
- b) The accumulated interest for this three-month period should be serviced by the borrower immediately as mutually agreed..
- c) Recalculation of margin or withdrawal power by reducing the margin and/or by reassessing the working capital cycle in respect of changes effected upto 31st May 2020.

3) Classification of Special Mention Account (SMA) and Non-Performing Asset (NPA)

- a) The above said moratorium/ deferment / recalculation will be treated as concession or change in terms and conditions of loan agreements 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”). Consequently, such a measure, by itself, shall not result in asset classification downgrade.
- b) The asset classification of term loans which are granted relief shall be determined on the basis of revised due dates and the revised repayment schedule.
- c) 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).

MIS on exposure of Rs.5 cr or more:

- a) For the exposure to a borrower is 5 crore or above as on March 1, 2020, the company will develop an MIS on the reliefs provided to its borrowers which shall *inter alia* include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted.

Communication to customers for option:

- a) The company will send a communication to all customers live as on 31st March 20 for opting moratorium.
- b) Once a customer approaches TVS Credit with a request for EMI moratorium/interest deferment, it will have evaluated and if satisfied with the merits of the case, EMI moratorium/interest deferment will be considered at the sole discretion of TVS Credit.
- c) The presentation of repayment instrument will be carried out for the customers who do not opt for this moratorium/ deferment/ recalculation.
- d) The customer who didn't respond for the communication the regular presentation of repayment instruments will be carried out as per the original contractual terms. The company will maintain a record of customers opting/ not opting for the option

While this policy outlines the broad internal guidance that TVS Credit will follow to take decisions regarding moratorium, TVS Credit retains the discretion to take decisions regarding this policy depending on product / case specific issues or nuances. TVS Credit reserves the right to amend the policy within the framework of RBI regulations.



Moratorium Extension

Further, RBI issued a circular on “Covid19-Regulatory Package” (Ref: RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20 dated 23rd May, 2020) in which, it has permitted all lending institutions to extend moratorium for another 3 months i.e. for the period 1st June 2020 to 31st Aug 2020 based on the approval of respective Board. In this regard, Board of TVS Credit Services Limited has approved extension of Moratorium for eligible customers, vide in the board meeting held on 27th May 2020 on the same terms and conditions, in terms of the above circular.

Customers intending to avail this offer moratorium for aforesaid period may reach out through the link sent to them by SMS or can get in touch with us by [clicking here](#) or call us at our toll free number 18001035005. Customers can also write to us at helpdesk@tvscredit.com. Customers who have already opted for March, April or May EMI Moratorium will have to separately apply for moratorium for EMI falling due during 1st June 2020 to 31st August 2020 period.