



Blacksoil Capital Private Limited

COVID-19 Moratorium Policy

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Regulatory Reference:

RBI/2019-20/186 COVID-19 – Regulatory Package DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020;

Applicable to 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 Finance Companies (including Housing Finance Companies)

Content Management

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1. Brief Background

The World Health Organization recently declared COVID 19 to be a pandemic. Like some of the other countries in the World, the virus' impact has led the Indian Government to announce a lockdown across the country, to restrict it from spreading further. As a result, the country's economy is impacted leading to delay in cash flows for the business. This has a direct impact on loan repayments as well.

Considering this issue, Reserve Bank of India (RBI) has released the Statement of Developmental and Regulatory Policies on March 27, 2020 that directly address the stress in financial conditions caused by COVID-19.

One of the policies is easing financial stress caused by COVID-19 disruptions by relaxing repayment pressures and improving access to working capital (*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*)

In this area, RBI has permitted all lending institutions including NBFCs to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. Accordingly, the residual tenor of the loan (repayment schedule) will be extended.

RBI has also asked all the lending institutions to put in place a Board approved policy in this regard. The above RBI Notification inter alia mandates disclosure, in public domain, the Board approved policy for providing above mentioned reliefs

2. Policy Applicability

Eligible Loans –

Customers satisfying following criteria would be eligible to seek instalments¹ deferment:

1. All the salaried/self-employed, Individual, and non-individual borrowers (including Ltd companies, Partnerships & Proprietorships etc.) across products having outstanding loans as at March 1st, 2020.
2. Account to be standard as on March 1,2020.
3. The account must not have been Written-off from the books at end of the month preceding the month in which moratorium/deferment is requested for.
4. The customers must submit consent for terms and conditions governing the moratorium and for the revised repayment schedule
5. Wherever the March 2020 Instalments has already been paid by the borrower, the relief would be applicable for the Instalments payable in April and May 2020.
6. Since it is not mandatory for NBFCs to offer moratorium to all borrowers, the Company may offer moratorium/deferment from one to three instalments¹ to borrowers on need based and where the pandemic has resulted in an impairment of business viability, **as assessed by the lender**
7. The offer of moratorium/decrement and acceptance may be through any mode of communication (Email/SMS/Digital Document/Voice Recording/Physical Document

¹ Instalments will include: (i) principal and/or interest components; (ii) bullet repayments; (iii) Equated Monthly instalments

Accounts Not Eligible or Restriction;

- a) Accounts that are not standard as on March 1, 2020.
- b) Accounts involving wilful default, fraud and malfeasance
- c) National Company Law Tribunal (NCLT)/Insolvency & Bankruptcy Code (IBC) cases are not eligible for moratorium/deferment without express approval from NCLT/IBC

Rescheduling the payments - In respect of the Eligible Loans (including structured loans for financing receivables and purchase orders), moratorium of up to three months to be permitted on the payment of instalments¹ falling due between March 1, 2020 and May 31, 2020.

Accordingly, the repayment schedule for such loans as also the residual tenor will be shifted across the board up to three months after the moratorium period
Interest shall continue to accrue on the outstanding portion of the term loans or the deferred instalments during the moratorium period.

The accumulated accrued interest shall be recovered either immediately after the completion of this period or before the closure of the extended tenure of the facility under COVID-19 package at the discretion of the management for respective borrowers which are in line with the document executed in this regard.

The whole-time director and Executive director have a power to provide such further concession as they deem fit on a case to case basis either severally and/or jointly

¹ Instalments will include: (i) principal and/or interest components; (ii) bullet repayments; (iii) Equated Monthly instalments

Account Classification and Reporting -The above changes made in the Loan agreement is provided specifically to enable the borrowers to tide over the economic fallout from COVID-19. Hence the same will not be treated as change in terms and conditions of loan agreement due to financial difficulty of the borrower based on the above guidelines will not result in asset classification downgrade for the purposes of RBI reporting

The rescheduling of payments will not qualify as a default. Reporting to credit information agencies and/or for supervisory purposes will be based on the revised repayment schedule

For Non – Standard Assets:- The whole-time director and Executive director have a power to provide restructuring as they deem fit on a case to case basis either severally and/or jointly. These borrowers will continue to be classified as non -standard and reporting will continue as non-standard

3. MIS

The company shall also develop MIS on the relief provided to its borrowers which shall inter-alia include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted in respect of borrowers for whom the exposure is Rs. 5 Crores and above.