

POLICY ON EMI MORATORIUM OF PRINCIPAL AMOUNT

Namdev Finvest Limited
(Formerly Known as Namdev Finvest Private Limited)

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CIN: U65921RJ1997PLC047090

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1. Introduction

Namdev Finvest Limited (NFL) formerly known as Namdev Finvest Private Limited is a Public Limited Company Incorporated under Companies Act, 1956 and regulated & supervised by Reserve Bank of India.

2. Context

As you may be aware of a virus known as COVID-19 (commonly referred to as coronavirus) has spread across the world and has been declared a pandemic by the World Health Organization (WHO). The increase in the number of cases of Covid-19 in India and the possibility of community transmission led the Government of India to announce nationwide lockdown for 21 days on March 24, 2020.

In view of which the Reserve Bank of India (RBI) sets various developmental and regulatory policies addressing the stress in financial conditions caused by COVID-19.

The lockdown and resultant impact on the nation's economy (which was already showing signs of slowing down) has led steady in expansionary policy moves both at fiscal and monetary level. Among the key monetary relaxations announced by Reserve Bank of India (RBI) includes relief to borrowers – retail as well as non-retail segments – through a three-month moratorium from repayment of principal and interest on term loans and other defined loans.

RBI announcement empowers Board of Directors of individual lending organizations like banks and NBFCs, to form a suitable policy as to application of moratorium on certain grounds to eligible borrowers. The relevant RBI Circular- RBI/2019-20/ 186 dated March 27, 2020 is titled “COVID-19 – Regulatory Package”.

By this document, the NFPL has proposed moratorium to customers who are facing financial difficulties due to this pandemic COVID-19 Spread, in line with RBI Circular- RBI/2019-20/ 186 DOR.No.BP.BC.47/21.04.048/2019-20, dated March 27, 2020 titled “COVID-19 – Regulatory Package”.

3. Policy Applicability

Reference to the RBI Press Release document dated- March 27, 2020 on “Statements on Developmental and Regulatory Policies”. The Statement sets out, inter alia, various developmental and regulatory policies that directly address the stress in financial conditions caused by COVID-19. Extract of the Press release in relation with Moratorium on Term Loans stated in Point No.5 reads as outlined:

5. Moratorium on Term Loans

All commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies and micro-finance

institutions) (“lending institutions”) are being permitted to allow a moratorium of three months on payment of instalments in respect of all term loans outstanding as on March 1, 2020. 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.

Second para of point 6 reads as: In respect of Para 5 “The moratorium / deferment is being provided specifically to enable 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 agreements due to financial difficulty of the borrowers and, consequently, will not result in asset classification downgrade. The lending institutions may accordingly put in place a Board approved policy in this regard.”

In respect to the above, RBI has issued Circular vide RBI/2019- 20/ 186 DOR.No.BP.BC.47/21.04.048/2019-20, dated March 27, 2020 titled as “COVID-19 – Regulatory Package” which states as follows:

(i) Rescheduling of Payments – Term Loans and Working Capital Facilities

In respect of all term loans (including agricultural term loans, retail and crop loans), all commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies) (“lending institutions”) are permitted to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. The repayment schedule for such loans as also the residual tenor, will be shifted across the board by three months after the moratorium period. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.

4. Eligible Customers

Eligibility for customers will be based on the statements issued by RBI:

- Moratorium of three months will be provided on payment of all instalments falling due between March 1, 2020, and May 31, 2020.
- Customers already categorized as NPA (Non-Performing Assets) as on February 29, 2020, will not be covered in the ambit of the policy.

5. Eligibility Criteria for Moratorium Period

1. 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.

2. Moratorium period will be available for instalments falling due within 1st March, 2020 to 31st May, 2020. For customers who have already paid their March instalment, moratorium will be available for two months, i.e. April and May 2020.
3. The account status reporting to the credit bureaus will be as per the status prior to the moratorium period.
4. The account can be Standard or otherwise. Accounts which are NPA as on 29.02.2020 would not be eligible for moratorium.
5. EMI which would be due from the customer would not be charged to the customer to whom moratorium is granted.
6. Customers have a choice of choosing complete moratorium from March 1st to May 31st in respect of both principal and interest. Customers also have the right to choose partial payments either of principal or of interest or of both for any or all of the months.
7. Interest will continue to accrue on the outstanding amount of loan during the moratorium period including instalments for which moratorium is activated at the same rate as contracted for the loan account and the borrower shall be liable to pay instalment and accrued interest as per agreed revised schedule on his/her loan, depending on the terms of moratorium accepted by the borrower.
8. Further, no cheque bounce charges or overdue charges will be levied to borrowers who have opted for moratorium wholly or partially for such EMIs falling due during such moratorium period.
9. The account must not have been Write-off from the books of NFPL at end of the month preceding the month in which moratorium/deferment is requested for
10. The offer of moratorium/decrement and consent for terms and conditions governing the moratorium and for the revised repayment schedule may be through any mode of communication (Email/SMS/Digital Document/Voice Recording/Physical Document).
11. Residual tenor will increase for EMI capitalized portion and repayment schedule will be redrawn, and the decision for the same will be taken by the Committee of officers formed for this purpose.
12. Company would continue to present EMI dues as per normal process for the period between March to May, 2020 for all its customers, unless the customer specifically requested for moratorium after taking cognizance of the additional financial implication on their loan because of the moratorium/deferment.

6. Committee for Approval

Implementation of these guidelines at each customer level shall be entrusted to a Committee of officers, outlined as:

- MD & CEO
- Chief Financial Officer
- Zonal Credit Head

Approval of at least 2 members required in this regards.

7. Display on Website

The Board Approved – Moratorium Policy will be hosted on the Company’s website for our Customers information and for availing benefits as mentioned in the RBI’s Circular.

