



# IIFL WEALTH FINANCE LIMITED

## Policy on Moratorium

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## 1. PURPOSE

The purpose of this policy is to document the implementation methodology for the relief measures announced by RBI vide multiple notifications pertaining to debt servicing during the COVID-19 pandemic and associated financial duress to certain Borrowers.

The Board of Directors had implemented a moratorium policy (“**Original Policy**”) in line with the measures announced by RBI vide directives dated 27<sup>th</sup> March 2020 (“**RBI Moratorium Circular**”). However, subsequently RBI has issued further clarification vide circular dated 17<sup>th</sup> April 2020 (“**Additional Circular**”) and the various courts of India have also laid down certain principles which are required to be taken into consideration for the Original Policy along with the RBI Moratorium Circular. Therefore, this policy is the consolidated policy (“**Consolidated Policy**”).

## 2. SCOPE

The directives under the Moratorium Circular, and the Additional Circular have permitted all lending institutions (banks / NBFCs) to grant a moratorium of 3 (three) months for loans on payments falling due between 1<sup>st</sup> March 2020 and 31<sup>st</sup> May 2020, and the repayment schedule of such loans be shifted by a period of 3 (three) months after the moratorium period.

- **In light of the aforesaid directives, IIFLWF will provide moratorium of 3 (three) months for all interest and/or principal payments (falling due between the period of 1<sup>st</sup> March 2020 until 31<sup>st</sup> May 2020) from those borrowers, who have made out a genuine case to IIFLWF of being under financial duress on account of lockdown in view of COVID-19 pandemic (“Affected Borrowers”) and whose loan accounts are classified as standard (even if overdue) as on 29<sup>th</sup> February 2020. The reference to Borrowers in the Original Policy shall therefore be interpreted to mean “Affected Borrowers”.**
- **Those Borrowers who are not affected due to the pandemic situation may continue to service their loans as per original sanctioned schedule. Such Borrowers will be granted an additional grace period window to make interest payments without attracting penal interest.**

This policy, and the eligibility criteria specified herein will apply to all Borrowers of IIFLWF who are required to pay interest accrued and due, or have a maturity linked principal repayment due in the period mentioned above during the aforesaid period.

## 3. INTEREST PAYMENTS

The interest payment schedule of loans currently sanctioned and outstanding could have varying periodicity, viz. monthly, quarterly or a small number of accounts with customized schedules. For each due date, the Borrower is granted 7 calendar days of grace period within

which the payment will be accepted without incurring overdue (penal) interest charges.

For optimal alignment with the RBI directives, the following changes to interest payments will be applicable –

- i. **Interest moratorium will be offered for all amounts due between 1st March to 31st May 2020, unless a specific borrower does not wish to avail this option and continues to pay as per the schedule applicable.**
- ii. Interest payment schedule for all sanctioned loans will be revised to quarterly frequency.
- iii. Grace period for payment of interest will be extended from 7 calendar days to 20 calendar days (including for unaffected Borrowers, if required).
- iv. At the end of the grace period, only the loan accounts of Affected Borrowers will be moved into Interest Moratorium status for the interest accruing during the period from 1<sup>st</sup> March up until 31<sup>st</sup> May 2020.
- v. The interest amount due on 31<sup>st</sup> March 2020 for all such accounts, would be moved into suspense account or similar mechanism, until 30<sup>th</sup> June 2020 (“Interest Moratorium Amount”).
- vi. Principal outstanding as on 31<sup>st</sup> March 2020 will continue to accrue simple interest for the period 1<sup>st</sup> April to 30<sup>th</sup> June 2020 (“Q1 Interest Amount”).
- vii. **On 30<sup>th</sup> June 2020, the total of Interest Moratorium Amount + Q1 Interest Amount will be due for payment unless otherwise agreed by IIFLWF in writing.**
- viii. There will be no penal interest applicable during the interest moratorium period, and no interest payment will be due until 30<sup>th</sup> June 2020.
- ix. Sanction maturities of such loans may be shifted forward by a period of 3 (three) months from the date mentioned in the Sanction Letter, if deemed necessary.
- x. Any interim payments received over the course of the interest moratorium period would be adjusted towards principal.

The table below captures the interest deferral schedule for calendar year 2020 in detail –

Original Due Date	Actual Payment Date	Revised Due Date	Remarks
31-Mar	Between 1-Apr & 20-Apr	-	<ul style="list-style-type: none"> <li>On-time payment, no revision needed</li> </ul>
30-Apr or 31-May	-	30-Jun	<ul style="list-style-type: none"> <li>Changing monthly interest frequency to quarterly</li> </ul>
31-Mar	Between 21-Apr & 29-Jun	30-Jun	<ul style="list-style-type: none"> <li>Automatically shifted to Interest Moratorium status</li> <li>Interest as on 31-Mar moved into suspense (or similar mechanism), until 30-Jun</li> </ul>

			<ul style="list-style-type: none"> <li>Principal o/s on 31-Mar will attract simple interest</li> <li>All payments will be applied towards Principal</li> </ul>
30-Jun	-	30-Jun	<ul style="list-style-type: none"> <li>No change in due date for interest dues as on 30-Jun</li> <li>Any applicable moratorium interest as per above will also be applicable on 30-Jun</li> </ul>

The criteria for permitting such moratorium are as follows –

- The loan account is classified as a standard account (even if overdue) as on 29th February 2020.
- Margin calls are required to be cured within the stipulated notice period, including during the Interest Moratorium Period.
- Borrower is required to maintain approved and sanctioned LTV on the loan account at all times, in line with all criteria specified in the loan documentation.
- Should there be any event of default during the moratorium period as contemplated in Clause 6.3 hereunder, and consequently the loan is recalled as per the terms specified in the loan documentation – the Borrower is liable to repay the loan and interest as per the notice and in such a scenario, any moratorium may no longer apply.
- IIFLWF may, in its sole discretion, determine if the deviation from sanctioned LTV is solely attributable to lockdown during Covid-19 pandemic, and does not in any manner reflect true, fair and intrinsic value of the pledged assets. In such cases, IIFLWF may take steps which are deemed necessary to the specific case.

#### 4. PRINCIPAL REPAYMENTS

During the period 1<sup>st</sup> March 2020 – 31<sup>st</sup> May 2020, a loan may mature and come due for repayment on any given date, specified in the Sanction Letter.

**All such loans – granted to Affected Borrowers only – will automatically qualify to receive moratorium on Principal repayment, and unaffected Borrowers may choose to make the payment as per original schedule.**

For Affected Borrowers, the following modifications to the sanction will apply –

- The principal repayment schedule of all such loans will be shifted by a period of 3 (three) months from the original maturity date **“Principal Moratorium Period”**.
- There will be no increase in outstanding principal amount over the Principal Moratorium Period.

- iii. Interest outstanding and due as on the original date of maturity will be moved into a suspense account (or similar mechanism), until the end of Principal Moratorium Period. Principal outstanding as on original date of maturity will continue to accrue simple interest for the Principal Moratorium Period. Upon expiry of the moratorium the total interest will become due i.e. suspended interest + interest accrued over the moratorium.
- iv. There will be no penal interest applicable over the Principal Moratorium Period.

The criteria for permitting such moratorium are as follows –

- **Loan Accounts of Affected Borrowers are eligible for principal moratorium for the period commencing from 1<sup>st</sup> March 2020 until 31<sup>st</sup> May 2020**
- The loan account is classified as a standard account (even if overdue) as on 29th February 2020.
- The Borrower will have shown consistently satisfactory account behaviour over the life of the loan. This would include timely servicing of margin calls, interest dues and other charges.
- Margin calls are required to be cured within the stipulated notice period, including during the Principal Moratorium Period.
- Borrower is required to maintain approved and sanctioned LTV on the loan account at all times, in line with all criteria specified in the loan documentation.
- Should there be any event of default during the moratorium period, and consequently the loan is recalled as per the terms specified in the loan documentation – the Borrower is liable to repay the loan and interest as per the notice and in such a scenario, any moratorium may no longer apply
- IIFLWF may, in its sole discretion, determine if the deviation from sanctioned LTV is solely attributable to lockdown during Covid-19 pandemic, and does not in any manner reflect true, fair and intrinsic value of the pledged assets. In such cases, IIFLWF may take steps which are deemed necessary to the specific case.

The table below captures some examples of loan maturity dates and the repayment deferral schedule for calendar year 2020 in detail –

Original Maturity Date	Revised Maturity Date	Remarks
31-Mar	30-Jun	3-month Principal Moratorium
15-Apr	15-Jul	3-month Principal Moratorium
31-May	31-Aug	3-month Principal Moratorium
01-Jun onwards	-	Original schedule

## 5. ASSET CLASSIFICATION

- 5.1 It is clarified that the moratorium period, wherever granted, shall be excluded from the computation of number of days past-due for the purpose of asset classification under the applicable norms and regulations.

## 6. NON-ELIGIBILITY

- 6.1 The Covid-19 Regulatory Package is intended to benefit genuine and bona fide borrowers whose ability to repay and /or make due payments is adversely affected on account of the events occurring (nationally and internationally) due to the pandemic of Covid-19. Therefore, the benefit under the Covid-19 Regulatory Package are neither intended nor being extended in any manner to the borrowers who despite having the ability to make due payments have defaulted or continue to default for reasons other than attributable to the present pandemic.

- 6.2 For this purpose, it is clarified that the following borrowers shall *inter alia* not be eligible for the benefits of this Policy:

- a) Borrowers whose loan accounts are not 'standard' or classified as something else other than 'standard' as on 29<sup>th</sup> February 2020.
- b) Wilful Defaulters or habitual defaulters;
- c) Borrowers who have knowingly, unknowingly and/or *mala fide* have taken action against the interest of the creditor;
- d) Borrowers who have misrepresented, willfully or negligently have taken action with a view to defraud the creditors;
- e) Borrowers who with an intent to defraud have failed in making due repayments to any of its creditors;
- f) Borrowers who have jeopardized or dealt with the security of the lender in any manner;
- g) Where the directors, promoters, shareholders, Promoter Group or its Affiliates have taken any of the actions listed in (a) to (f) above whether in relation to IIFLWF or any other creditor;
- h) Borrower who do not have the ability to repay the loan for reasons other than the temporary pandemic of Covid-19;
- i) Any other default by the Borrower (other than for reasons attributable to the present pandemic of Covid-19).

- 6.3 In cases as specified above, IIFLWF will be entitled to recall the Loan/ Facility and not in any other cases.