

**SAKTHI FINANCE LIMITED
COIMBATORE – 18**

**POLICY ON MORATORIUM TO BORROWERS DUE TO FINANCIAL STRESS
CAUSED BY COVID-19**

1. INTRODUCTION

- i. Reserve Bank of India (“**RBI**”) has issued a Statement of Developmental and Regulatory Policies on 27 March 2020 that directly addresses the stress in financial conditions caused by Corona Virus (“**COVID-19**”).
- ii. One of the objectives of the policy is to ease the financial stress caused by COVID-19 disruptions by relaxing repayment pressures and improving access to working capital. In this regard, RBI has permitted all NBFCs (“**lending institutions**”) to grant a moratorium of three months on payment of all instalments falling due between 1 March 2020 and 31 May 2020. RBI has also permitted to shift the repayment schedules and all subsequent due dates, as also the tenor for such loans across the board by three months.
- iii. RBI has also asked all the lending institutions to put in place a Board approved policy in this regard.
- iv. Sakthi Finance Limited (“**SFL or the Company**”), being a Non-Banking Finance Company registered with RBI, is mainly into the business of financing of pre-owned commercial vehicles, infrastructure equipment etc. which is adversely affected by the COVID-19 disruptions.
- v. The company has, in compliance of RBI Circular No. RBI/2019-20/186 DOR. No. BP.BC.47/21.04.048/2019-20 dated 27 March 2020, formulated the following policy after taking into account the guidelines issued by RBI.

2. OBJECTIVE

- i. The objective is to ease financial stress caused by COVID-19 disruptions by relaxing repayment pressures and improving access to liquidity/working capital for customers.

3. POLICY WITH REGARD TO MORATORIUM

The following are the terms and conditions with regard to the moratorium.

- i. The Company will give moratorium for the instalments falling due between 1.3.2020 to 31.5.2020 in respect of any type of loans granted to its borrowers.
- ii. The moratorium is optional and not compulsory. If the Hirer opts for availing the moratorium scheme it shall mean that the loan repayment for up to three instalments (March 1st to May 31st due EMIs) will be postponed by a period of three months and the tenure of the loan with the Company will be accordingly extended by up to 3 three months. Interest will continue to accrue on the

outstanding loan amount which will be recovered post moratorium period. If the hirer has more than one loan, hirer can opt for moratorium for each loan, however additional interest for the moratorium period will be charged separately for each loan. The customers who have already paid March Instalment can avail of this facility for April and May instalments.

- iii. The interest arising out of granting the moratorium period will be calculated at the contracted rate (“**IRR**”) at which loan agreements were entered into with the borrowers. Such Interest amounts to arrive at the present contract rate (“**IRR**”) of such loan agreement would be collected in instalments in agreement with the borrowers.

4. TERMS OF MORATORIUM

- i. The company at the request of the borrower continues to accept collection as per the original contract and the borrower can continue to pay the instalments regularly through cash, cheque, NEFT etc. at the respective branches of the Company. Customers who have issued PDCs / ECS mandate for EMI shall be presented as per original schedule.
- ii. The rescheduling of payments, including interest, will not qualify as a default for the purpose of supervisory reporting, reporting to credit information companies , asset classification downgrades for NPA recognition and also for classification for the purposes of Expected Credit Losses (“**ECL**”) provisioning under Ind AS.
- iii. Customer who wishes to avail of the moratorium facility has to give a request in writing to their respective branches of the Company. The customer request will be forwarded by the branches to Head office at Coimbatore. Approval shall be communicated within 7 working days upon receipt of moratorium request.
- iv. The Company shall issue a separate repayment schedule. Other terms and conditions of original contract terms remain unaltered.

5. COMMUNICATION TO BORROWERS

- i. The Key Management Personnel (“**KMPs**”) of the Company shall ensure that the above instructions are properly communicated down the line to all the operations and branch executives of the company and clear instructions are issued to its staff regarding their implementation.
- ii. The company will communicate the information regarding the above to the borrower through digital or electronic modes for acceptance of the moratorium from the borrowers.

6. DISCLOSURES

- i. The company will also disclose the above policy in full or in abstract form in its web site www.sakthifinance.com.

7. AMENDMENTS

- i. The amendments, if any, to the Policy will be made as and when required by the regulatory requirements.

5 April 2020
Coimbatore - 18