

## **Shine Star Build Cap Private Limited**

### **COVID-19 – Regulatory Package as per RBI circular- DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020**

#### **(Adopted by the Board of Directors on 1<sup>st</sup> April 2020)**

To address the stress in the financial sector caused by COVID-19, several measures have been taken by the RBI as a part of its Seventh Bi-monthly Policy.

These measures are intended to mitigate the burden on debt-servicing caused due to disruptions on account of COVID-19 pandemic. These measures include moratorium on term loans and deferring interest payments on working capital.

#### **Moratorium on Term Loans**

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<sup>1</sup> 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.

#### **Deferment of Interest on Working Capital Facilities**

In respect of working capital facilities sanctioned in the form of cash credit/overdraft (“CC/OD”), lending institutions are permitted to defer the recovery of interest applied in respect of all such facilities during the period from March 1, 2020 upto May 31, 2020 (“deferment”). The accumulated accrued interest shall be recovered immediately after the completion of this period.

Banks and NBFCs desirous of adopting this scheme are required to put in place a Board approved policy in this regard.

#### **Objectives of Policy**

The main objective of this policy includes:

- Policy Framework
- Classification as Special Mention Account (SMA) and Non-Performing Asset(NPA)
- Management Information System
- Supervisory reporting and reporting to Credit Information Companies (CICs)
- Display on Website

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<sup>1</sup> Instalments will include the following payments falling due from March 1, 2020 to May 31, 2020: (i) principal and/or interest components; (ii) bullet repayments; (iii) Equated Monthly instalments; (iv) credit card dues.

## **1. Policy Framework**

### a) Eligible Borrowers:

Applicable on all loans outstanding on 01 Mar 2020 and for instalments/interest due during the period 01<sup>st</sup> Mar 2020 to 31<sup>st</sup> May 2020

New loans sanctioned after March 1, 2020 are not covered under the RBI circular. However, the company may at its own discretion extend the benefit to such borrowers as well.

### b) Assessment of the Borrowers:

Since the grant of the moratorium is completely discretionary, basis the application submitted by the borrower for moratorium, the company may grant different moratoriums to different classes of borrowers based on the degree of disruption on a particular category of borrowers. The company may assess where the disruption is likely to adversely impact the repayment capacity of the borrower and take a call based on such assessment.

### c) Impact on the loan tenure and the EMI / Instalments due

Based on the assessment of the individual borrowers, the following options are available with the company to give the effect of moratorium:

- Accrued interest during the period of moratorium shall be recovered in the first EMI due immediately after the completion of moratorium period and tenure shall be extended by the moratorium period with no change in EMI.
- Accrued interest during the period of moratorium shall be recovered in the first EMI due immediately after the completion of moratorium period and tenure shall not be extended by the moratorium period by revision of EMI (impact of principle due during the period of moratorium).
- Accrued interest during the period of moratorium shall not be recovered in the first EMI due immediately after the completion of moratorium period and tenure shall not be extended by the moratorium period by revision of EMI (impact of principle and interest due during the period of moratorium).
- Accrued interest during the period of moratorium shall not be recovered in the first EMI due immediately after the completion of moratorium period and tenure shall be extended by the moratorium period but revision of EMI (impact of interest due during the period of moratorium) also take place.
- Any other scenario not covered above and as mutually agreed between the lender and the borrower whereby the tenor does not get extended beyond the period of the moratorium granted to the borrower.

## **2. Classification as Special Mention Account (SMA) and Non-Performing Asset(NPA)**

Since the moratorium/deferment/recalculation of the ‘drawing power’ is being provided specifically to enable the borrowers to tide over economic fallout from COVID-19, the same will not 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.

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. Similarly, working capital facilities where relief is provided, the SMA and the out of order status shall be evaluated considering the application of accumulated interest immediately after the completion of the deferment period as well as the revised terms.

The loan already classified as NPA shall continue with the same classification, however, may be granted an exemption from payment during the moratorium period and there shall not be any further asset classification deterioration during the moratorium period.

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) by the lending institutions.

## **3. Management Information System**

Wherever the exposure of a lending institution to a borrower is INR 5 crore or above as on March 1, 2020, the company shall 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.

## **4. Supervisory reporting and reporting to Credit Information Companies (CICs)**

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) by the company.

The Policy shall be effective from the date of approval in the Board Meeting i.e. 1<sup>st</sup> April, 2020.

## **5. Display on website**

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

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