

ASHV FINANCE LIMITED

(ERSTWHILE KNOWN AS JAIN SONS FINLEASE LIMITED)

VERSION CONTROL:

Version	Date of Adoption	Particulars	Owner	Custodian	Approving Authority
1.0	31-Mar-2020	Policy on Covid-19 Pandemic	Credit-Risk Team	Compliance Team	Board of Directors

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POLICY DETAILING GUIDELINES ON PROVIDING RELIEF TO BUSINESSES DISRUPTED ON ACCOUNT OF COVID – 19 PANDEMIC

SECTION A:

RBI vide circular No. DOR.No.BP.BC.47/21.04.048/2019-20 dated 27.03.2020 has released guidelines to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses.

The reliefs/relaxations detailed as per the circular are as below:

A) Rescheduling of Payments – 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* 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.

* 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.

B) Rescheduling of Payments - 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 up to May 31, 2020 (“deferment”). The accumulated accrued interest shall be recovered immediately after the completion of this period.

The asset classification of term loans which are granted relief/relaxation as defined in point A shall be determined on the basis of revised due dates and the revised repayment schedule. Similarly, working capital facilities where relief is provided as per point B above, 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 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 Ashv Finance.

SECTION B:

As per the circular, RBI has asked the lenders to provide the above-mentioned relaxations to all “eligible borrowers” to enable them to tide over economic fallout from COVID-19. Accordingly, following guidelines/processes are defined under the proposed framework.

I. ELIGIBLE FACILITIES TO BE CONSIDERED: The following facilities shall be covered under the relief framework:

- i) Term Loans
- ii) Working Capital Term Loans
- iii) Bill Discounting facilities

II. DEFINITION OF ELIGIBLE BORROWERS: The proposed framework shall broadly cater to the following types of Borrowers:

- a) SME Loan
- b) Business Loan (financial based and banking surrogate)
- c) Cluster Loan
- d) MFI/BC/NBFC-MFI/NBFC- Fintech Loans
- e) Direct Assignment – Borrowers
- f) Loans through partnerships – Finwego, FT cash
- g) Facilities disbursed during March 2020

Covid 19 pandemic has posed an extraordinary and unprecedented challenges to the society and economy at large. It is expected to leave a mark on every section of society and all sort of economic activity irrespective of its size and scale. Since Ashv Finance as an organisation is focused on lending in SME space and have varied kind of borrowers in its portfolio like small manufacturing/trading/service set ups as well as small establishments like Shopkeepers/Kirana Stores/retailers/merchants along with MFI and small NBFCs. Most of the borrowers are witnessing disruption in their normal business activity which is adversely impacting their cash flow. As a gesture of support to its borrowers Ashv Finance has decided to extend benefit of moratorium, as advised by RBI, to all its borrower.

Borrowers to be eligible for receiving the reliefs/relaxations should satisfy the following criteria's:

- i) Account should be Standard as on February 29, 2020;
- ii) Overall satisfactory dealings/conduct with Ashv Finance

Relief eligible, moratorium of EMI/interest deferment due from month of March 2020 to May 2020(up to 3 months).

III. MONITORING & SUPERVISION:

- i) Borrowers who have been provided with the reliefs/relaxations under the framework shall be monitored by review of their business activity level, bank account and financial statements, other documents etc. as and when required by Ashv Finance.

- ii) Wherever Ashv Finance's exposure to a borrower is ₹ 5 crore or above as on March 1, 2020, the relevant team 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.

The instructions in this circular come into force with immediate effect.

The Operations/IT process is attached as Annexure 1 as a part of the note.

The customer communication is attached as Annexure 2 as part of the note. In respect to customer communication, the IRC will be empowered to accept the customer confirmation in the form as feasible, given the operational difficulties due to covid 19 lockdown. The Board may be approached for such any change at a later date.

ANNEXURE – 1: IT/OPERATIONS

The following requirements will be given to the FIS team (Core Banking System) post the approval

1. *Moratorium Period:* All borrowers to be offered 3-month moratorium
 - Includes standard customers and those customers who have already paid their EMI in the month of March
2. *Impact of Interest Accrual:* Interest accrued during the moratorium period will be collected upfront, post expiry of the moratorium period.
3. *Standard Customers with DPD:* DPD for those customers who are standardt (0+ to 89 days DPD) as of 30th Mar, to be frozen as on **29th Feb** (all penalty accrued on overdue during March to be reversed)
4. *Non-Delinquent Customers:* Following actions are to be taken in the Core Banking System (FIS) based on the different customer-decisions for those customers who are *not delinquent* as on 30th Mar:
 - *No moratorium:* Customer does not sign-up for the moratorium (3/2/1) and wants to continue to repay
 - March EMI to be treated as an EMI (both principal and interest components to be accounted for)
 - *Part Moratorium:* Customer wants to treat the payment made in March as the EMI for March, but wants to take either a 1/2 month moratorium
 - March EMI (and April, if the customer chooses to have a 1-month moratorium only) to be treated as an EMI (both principal and interest components to be accounted for)
 - No EMI demand-invoices to be raised for the months corresponding to the moratorium period chosen (Apr or/and May)
 - Interest accrued during the moratorium period to neither attract any overdue penalty nor be added back to Outstanding Principal
 - Interest accrued during the moratorium period to increase the effective tenor of the loan by 1 month more than the moratorium period chosen
 - Interest accrued during the 3-month period to not attract 'overdue penalty' in the system
 - *Full 3-month Moratorium:* Customer wants to sign-up for the 3-month moratorium that RBI has allowed
 - EMI Demand raised in Mar to be reversed
 - No EMI demand-invoices to be raised for the months of Mar, Apr and May
 - Payment made in March to be treated as an *advance* (PVAR in system) for June EMI. When the EMI-demand for June is raised, the demand to be satisfied by the amount available in PVAR
 - Interest accrued during the moratorium period to neither attract any overdue penalty nor be added back to Outstanding Principal
 - Interest accrued for the 3-month moratorium period to increase the effective tenor of the loan by 4-5 months (depending on residual tenor of the loan)
 - Interest accrued during the 3-month period to not attract 'overdue penalty' in the system

Annexure 2 _ Customer Communication

Dear Customer,

Hope you and your family is in good health.

Covid- 19 Pandemic is an exceptional and unprecedented situation. It is affecting life and work of all of us. Taking cognizance of this fact and also in line with the RBI directive a moratorium of total 3 months, starting from 1st March 2020 to 31st May 2020, is being offered to support our customers.

Ashv Finance would like to extend this support by offering the moratorium relief to you for the installment (EMI) of three months starting from 1st March, 2020 to 31st, May 2020.-There can be no moratorium on overdues prior to 1st March 2020. Hence in case you have any overdue instalments /other dues, we request you to kindly pay the same to avoid penal charges and avoid reporting to the bureau.

In case you want to continue to pay the EMI during this period, kindly send your confirmation to customersupport@ashvfinance.com by 5th April, 2020. Non receipt of any communication within given time will be considered as your deemed consent for the moratorium relief. The interest for the 3 months moratorium period will be payable by you, the same will be communicated to you in due course.

Since the moratorium 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, and shall not result in asset classification downgrade/ deterioration in the credit bureau score.

Feel free to write us at customersupport@ashvfinance.com.

We assure you that in this challenging time we are with you as always.

Take care and stay healthy.

Warm Regards,

Ashv Finance

Annexure 2A_Customer Calling _ Script

A. Mar 20 Payment – Done

Good Morning Sir / Mam --- Hope you and your family is fine and safe. We appreciate that even in this tough time you have honoured your EMI for Mar 20. With the intension to support the genuine business and as per RBI directive a three months moratorium for payment of instalment from Mar 1st,2020 to 31st May, 2020 is permitted. Since you have already made payment for Mar 20 this relief is still available for your EMI for April 20 and May 20. Please let us know if you wish to avail this relief or want to make the payment as per original schedule. This rescheduling will not impact your credit history. The interest for the moratorium period will be communicated to you in due course.

(Pls note that if the customer confirms that he wants to avail the benefit for all 3 months, then the EMI paid in Mar, will be adjusted against the June EMI)

B. Mar 20 Payment – Not Done

Good Morning Sir / Mam --- Hope you and your family is fine and safe. Since business disruption is seen across the economy due to pandemic we understand your difficulty in honouring the last committed payment of Mar 20. With the intension to support the genuine business and as per RBI directive a three months moratorium for payment of instalment from Mar 1st 2020 to 31st, May 20 is permitted. We are happy to grant moratorium of three months from Mar 20 to May 20 for servicing the instalment. Request to share your consent for the same. This rescheduling will not impact your credit history. The interest for the moratorium period will be communicated to you in due course.

Annexure 2B - Frequently Asked Questions (FAQ) (to be sent to the customer along with the customer communication)

Moratorium Permitted by RBI through circular DOR.No.BP.BC.47/21.04.048/2019-20

1) What is moratorium?

It's a deferment of payment of dues. It's not a waiver.

2) Has mandatory moratorium been allowed?

No, RBI has permitted the lenders to grant moratorium of three months. It's not automatic lender has to permit the borrower. It can be for less than three months.

3) Which all lenders are permitted to allow moratorium?

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) have been permitted to allow the moratorium relaxation to its borrowers.

4) What is the period allowed for moratorium?

Three months moratorium is permitted on payment of all instalments falling due between March 1, 2020 and May 31, 2020.

5) Which loans will be eligible for moratorium?

All term loans outstanding as on March 1, 2020 are eligible to claim the relaxation. Along with term loan there can be a deferment of interest on working capital facilities like cash credit and overdraft and outstanding as on March 1, 2020.

6) What all is covered in instalment?

Instalment will cover – i) EMI – Equated Monthly Instalment ii) Principal and/or interest components iii) Bullet repayments iv) Credit Card dues.

7) Will interest not be calculated for moratorium period?

Interest will continue to accrue on loan amount outstanding during the moratorium period.

8) Will the repayment tenor be increased?

Yes, the repayment schedule for such loans as also the residual tenor, will be increased by number of months of moratorium.

9) Will delay payment due to moratorium have impact on credit history?

Deferment of payment due to moratorium will not qualify as default hence will not impact credit history.

10) Can a borrower keep paying his/her instalment as per original repayment schedule?

Yes, he/she may choose to do so if repayment capacity is there. In fact, we recommend that he or she must pay the EMI if you have the capacity to pay otherwise you will end up paying more interest.