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## Moratorium Scheme on COVID-19 Disruptions

### **IKF Home Finance Limited**

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M.G. Road, Vijayawada – 500 010  
Andhra Pradesh

# Moratorium on Loans due to Covid-19 disruptions



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## Background and Objective

The World Health Organization recently declared COVID 19 to be a pandemic. Like some of the other countries in the World, the virus' impact has led the Indian Government to announce a lockdown across the country, to restrict it from spreading further. As a result, the country's economy is impacted leading to delay in cash flows for the business & self-employed and salary credits for the salaried segments. This has a direct impact on loan repayments as well.

Considering this issue, on March 27, 2020 the Reserve Bank of India (RBI) announced various measures including moratorium on EMI payment for term loans. (RBI Notification Ref: no RBI/2019-20/ 186 DOR.No.BP.BC.47/21.04.048/2019-20 "COVID-19 – Regulatory Package" dated March 27, 2020) read with letter dated April 6, 2020.

The above RBI Notification inter alia mandates disclosure, in public domain, the Board approved policy for providing above mentioned reliefs. Accordingly, Board of Directors of IKF Home Finance Limited (IKFHF) has approved the Policy for above mentioned reliefs and the same is hereby placed for information of the customers.

## Definition of Moratorium

- A contract between the lender and the borrowers.
- It is a lender-borrower-agreed restructuring of the loan terms.
- It is a repayment holiday where the borrower is granted an option to not to pay the EMI during the moratorium period.
- No NPA/restructuring implications will arise.
- Interest Accrued will be charged for the months of moratorium opted by the borrower.

## Customers eligible for Moratorium

Customers satisfying following criteria would be eligible for EMI moratorium:

- All Salaried/Self-employed Individual/Non-individual borrowers (including Ltd companies, Partnerships & Proprietorships etc.) across all products having outstanding term loans as at 1st March 2020.
- The account of the borrower has to be Standard.

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- NPA customers are ineligible for moratorium.
- The account must not have been Written-off from the books of IKFHF's books at end of the month preceding the month in which moratorium is available.
- A communication through Email/SMS/Digital Document/Voice Recording/Physical Document will be sent to customer giving details that pursuant to RBI Guidelines EMI moratorium has been given to them and accordingly revised repayment Schedule will be shared in due course.
- In case the borrowers are not willing to avail the Moratorium facility, they need to expressly communicate the same to the company by Email/SMS/Digital Document/Voice Recording/Physical Document.
- In the absence of any reply communication from customer to not to avail the Moratorium facility, the company will deem that the customer has opted for EMI Moratorium facility and Company will not present the cheques/actioning ECS or NACH mandates etc for Collection.
- Company will present the cheques/actioning ECS or NACH mandates etc for Collection where the customers has expressly communicated by any of the above mode to not to avail the EMI Moratorium facility.

## Restrictions

The following are the restrictions:

- Borrowers under Arbitration/ other legal proceedings & borrowers classified as Fraud, will continue to remain ineligible.
- National Company Law Tribunal (NCLT)/Insolvency & Bankruptcy Code (IBC) cases are not eligible for moratorium without express approval from NCLT/IBC
- This facility is not applicable to loans disbursed in April 2020 and thereafter.

## Moratorium for Loans

### Term Loans

- The repayment schedule of term loans will shift by three months and the tenor of the term loan will be commensurately extended. The installment amounts/EMIs will be appropriately recalculated, including interest accrued during moratorium period.
- If borrowers have already paid their installments during the month of March, such borrowers can avail moratorium for installments falling due in April and May 2020.

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### Legal & documentation matters

- Loan specific conditions relating to revised repayment schedule and payment of accrued interest may be laid down by the Company for the above relief.
- In respect of concessions/reliefs granted under this policy, requisite documentation may be taken by the Company, including through electronic form (Email/SMS/Digital Document/Voice Recording/Physical Document etc). Customer's Letter format (Annexure I) incase confirmation is through Physical Documents

### Validity of the policy

- This policy shall be valid up to 31<sup>st</sup> May 2020 or for such further period as may be extended by the company keeping in view the RBI guidelines, as amended from time to time.

### Prudential Norms

- The Moratorium Granted to Borrowers Will Not Qualify as Default on the Part of Borrowers for the purpose of supervisory reporting and reporting to credit information companies (CICs).
- The relief given as above as per the special dispensation given by RBI will not result in any downgrade of asset classification.
- However, if there is an existing default like interest/principal due up to February 29, 2020, the usual asset classification and provisioning norms will apply.

While this policy outlines the broad guidelines the Company will follow in the matter of grant of moratorium, It retains the discretion to take decisions depending on case specific issues or nuances.

The Company reserves the right to amend the policy from time to time keeping in view the RBI guidelines.

Managing Director shall have the authority to take all necessary steps for implementation of the said Policy.

The Board Approved Policy will be displayed on the Website of the Company [www.ikfhomefinance.com](http://www.ikfhomefinance.com)

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**ANNEXURE I**  
**(Customer's Request Letter)**

To  
IKF Home Finance Limited  
Branch: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Dated \_\_\_\_\_

Dear Sir,  
Subject: - 3 Months EMI Moratorium of Term Loan/s

With reference to the above subject and reference to RBI Notification on extending 3 months moratorium to EMIs, due to the COVID-19 major effect and Lockdown declared by GOI, our business has been majorly affected and our outstanding payments are stuck up from various vendors and customers.

Hence, we want to avail the Moratorium facility as notified by the Company for the Months of MARCH 2020 / APRIL 2020 / MAY 2020 considering the operational difficulties and inability to service the EMI's on due dates. We are ready to service the accrued Interest at contract rate as per company policy for this extension period.

Request you to oblige our request by extending the moratorium facility on the loan EMI. The EMI's shall be paid as per the revised repayment schedule provided by the company.

Customer Name	
Loan Number/s	
Location/Branch	

Your co-operation in this regard will be highly appreciated.

For \_\_\_\_\_

**Authorized Signature**

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