

MAHINDRA RURAL HOUSING FINANCE LIMITED**POLICY ON COVID- 19**

The Reserve Bank of India vide its circular no DOR.No.BP.BC.47/21.04.048/2019-20 dt 27th March, 2020, DOR.No.BP.BC.63/21.04.048/2019-20 dt 17th April, 2020 and DOR.No.BP.BC.71/21.04.048/2019-20 dt 23rd May, 2020 announced certain regulatory measures 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.

A brief synopsis of the measures available to the company is given below.

Rescheduling of Payments – Term Loans and Working Capital Facilities

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 Six months on payment of all instalments falling due between March 1, 2020 and August 31, 2020. The repayment schedule for such loans as also the residual tenor, will be shifted across the board by six months after the moratorium period. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.

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 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.

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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. CICs shall ensure that the actions taken by lending institutions pursuant to the above announcements do not adversely impact the credit history of the beneficiaries.

In respect of accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted in respect of term loans, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under the IRAC norms. The asset classification for such accounts shall be determined on the basis of revised due dates and the revised repayment schedule.

Other Conditions

The Company shall frame Board approved policy(ies) for providing the above-mentioned reliefs to all eligible borrowers, inter alia, including the objective criteria for considering reliefs and disclose the same in public domain.

The Company shall also develop MIS on the relief provided to its borrowers which shall, inter-alia, include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted in respect of borrowers for whom the exposure is Rs. 5 crores and above.

The instructions in this Notification come into force with immediate effect. The Board of Directors and the Key Managerial Personnel and Senior Executives of the Company shall ensure that the above instructions are properly communicated down the line to all the concerned employees of the Company and clear instructions are being issued regarding their implementation

The company based on the above measures provided by RBI would like to propose the following relief to its loan customers.

Eligibility

The relief will be available to all customers, who have loan installments falling due between 1st March, 2020 and 31st August, 2020.

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Extending the Moratorium

The moratorium shall be extended to all customers, who are unable to service any or all the installments due between the 1st of March, 2020 and 31st of August, 2020.

The customers who have serviced their installments/dues up to a month falling within the Moratorium Period, will be eligible for the benefit of the moratorium for all the instalment(s) falling due thereafter during the Moratorium Period.

Moratorium Period

The moratorium period offered will be for maximum period of 6 months .

For all customers the future repayment schedule and the tenor of the loan will be shifted by a maximum of 6 months.

For customers with loans with a variable rate of interest an additional option will be given to extend the tenure of the loan to recover all dues including accrued interest.

Interest during the Moratorium Period

The Company will charge interest during the moratorium period at the rate the loan was originated and recover the same , by appropriately changing the installment amount of the future instalments due.

For Loans with a floating rate of interest, an option will be given to the customer of keeping the installment amount unchanged extending the tenor and number of installments to collect the interest

Communication

The new terms of repayment shall be communicated to the customers digitally or in writing.

Asset Classification

The changes made in the Loan Agreement as enumerated above, are provided specifically to enable the borrowers to tide over the economic fallout from COVID-19. Hence the same will not be treated as change in terms and conditions of the loan agreement due to financial difficulty of the borrower and accordingly, will not result in asset classification downgrade.

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Fresh ACH mandate/ PDC's based on the revision in installment structure to be obtained from the customers.

Miscellaneous

This policy is an integral part of the existing business policies.

The Management is authorised to formulate any operational procedures/guidelines as may be required to implement the policy.

Dissemination of Policy

This policy shall be disseminated to all functional and operational heads and other concerned persons of the Company and shall be hosted on the Intra-net and website of the Company.

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