

POLICY FOR PROVIDING MORATORIUM

PREFACE:

Muthoot Capital Services Limited (MCSL) promoted by the Muthoot Pappachan Group (MPG) is a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI) having its equity shares listed on the BSE Limited and National Stock Exchange of India Limited.

BACKGROUND:

In view of COVID-19 pandemic, to address the stress in the financial sector, RBI has issued a Notification with reference No. DOR. No. BP. BC. 47 / 21.04.048 / 2019-20 dated March 27, 2020 on "Statement on Developmental and Regulatory Policies".

In the said Notification, RBI has permitted all Commercial Banks (including Regional Rural Banks, Small Finance Banks and Local Area Banks), Co-Operative Banks, All India Financial Institutions, and Non-Banking Financial Companies (NBFCs) (including Housing Finance Companies) (hereinafter referred to as "lending institutions") to allow a moratorium of three months on payment of instalments falling due between March 01, 2020 and May 31, 2020 in respect of all term loans (including agricultural term loans, retail and crop loans).

Accordingly, the repayment schedule and all subsequent due dates, as also the tenor for such loans, can be shifted across the board by three months. There has been no mandatory direction to the lending institutions that the moratorium has to be extended to its all borrowers.

In view of the same, various Banks / Financial Institutions have taken different views on instalment demand.

We, at MCSL, have analysed the current market situation including the steps taken by the competitors and decided to implement this policy with immediate effect to comply with the RBI Notification.

OBJECTIVES OF THE POLICY:

- a) To acknowledge the fact that there has been a major upheaval due to COVID-19, which has impacted the lives of all and more so our customers who are from the bottom of the pyramid and mainly from Tire III and IV towns and cities.
- b) To provide reliefs including moratorium to all eligible borrowers of MCSL in view of RBI Notification;
- c) To define the objective criteria for considering reliefs to be granted to the borrowers;
- d) To comply with the guidelines / directions of RBI by implementing a Board approved policy in this regard.

POLICY:

MCSL shall provide three months moratorium facility would be provided for its Hypothecation Loans (Two-Wheeler Loans, Loyalty Loans, Used Car Loans) and Working Capital Term Loans (Corporate Loans) given to various NBFCs and others, at the request of the borrower(s) who are eligible to be considered for the relief as per extant RBI Notification.

PART-A: HYPOTHECATION LOANS

MCSL shall provide moratorium to the hypothecation loan borrowers subject to the following conditions:

1. The moratorium shall be given if the option is exercised by the borrower(s) for the unpaid Equated Monthly Instalment (EMI) of March 2020, if any, and for the EMIs of April and May 2020, if the existing loan account falling under the standard loans category i.e., days past due (DPD) less than 90 days as on March 01, 2020.
2. Interest shall continue to accrue on the EMIs for which moratorium is provided at the same rate as contracted for respective loan and collected in addition to the EMIs due on the respective loan along with the last instalment of the extended repayment schedule. The tenure of the loan will get extended by upto 3 months depending on the number of EMIs for which moratorium is given.
3. The revised loan repayment schedule shall be communicated to the borrower and his/her acceptance to the same shall be recorded either electronically or such other means as per the respective lending practice. If the borrower fails to accept the revised loan repayment schedule or remains silent, it shall be a deemed confirmation on the moratorium.
4. No bounce charges / overdue charges / penalties shall be levied on the loan account for such EMIs covered under the moratorium.
5. The Chief Operating Officer (COO) of MCSL shall oversee the entire process related to the granting of moratorium to the hypothecation loan borrowers who have requested for the same and shall be responsible for ensuring that the Company complies with the RBI guidelines in this regard.
6. MCSL shall properly communicate the contents of the RBI Notification and this Policy to its staffs for the effective implementation of the moratorium and the same documented for verification, if required.

PROCESS FOR AVAILING THE MORATORIUM

1. MCSL shall send an SMS as set out in **Annexure - 1** to the borrower(s) to provide the option of moratorium to re-schedule their loan with a dedicated number to capture response from the borrower. This SMS shall send on April 06, 2020.
2. MCSL shall close the window for receiving response from the borrowers by 05:00 PM on April 07, 2020.
3. MCSL shall ensure smooth processing by having End of Day (EOD) processing from April 07, 2020 itself.

4. MCSL shall extract the NACH mandate process file and manually remove the loan accounts of the borrowers who have opted for moratorium. MCSL shall present the balance data for NACH clearance on April 08, 2020 itself through CAMS and extend the due date of the borrowers who have opted for moratorium.
5. Alternately, the borrower can also avail the moratorium by sending an e-mail to mail@muthootcap.com with his / her mobile number and the loan account number within the prescribed timeline.

PART-B: WORKING CAPITAL TERM LOANS (CORPORATE LOANS)

1. Based on the requests that are received from the borrowers, the respective Credit Committee(s) shall assess disruption caused to them due to the sudden lock down in the country and the likely adverse impact on the repayment capacity of the borrower(s) depending on the segment that they operate in and based on the justification that they may have made for availing the moratorium.
2. The assessment report along with the Committee's recommendation on the action to be taken shall be forwarded to the Managing Director.
3. Based on the report, on being satisfied regarding the necessity of moratorium on account of the economic fallout from COVID-19, the Managing Director shall take a final decision in the matter and the same shall be communicated to the respective borrower(s).
4. The assessment and recommendation of the Committee and the decisions taken by the Managing Director in this regard shall be documented properly and shall be made available for supervisory review by the Regulatory Authorities with regard to their justifiability on account of the economic fallout from COVID-19.

SMS Format

Dear Customer,

Your due date of EMI for Muthoot Capital Loan <Loan No> was <Due Date>. In View of COVID-19 pandemic and recent RBI notification, your EMIs for the months of March, April and May are eligible for moratorium till May 31, 2020. If you have been impacted due to COVID-19, and you want to avail this moratorium, you may inform us by replying to this SMS by typing YES <LOANNO> to 9289222525. Please note that this is not a waiver and interest will be applicable for the moratorium period and recovered subsequently. Also, please note that any overdue EMI (arrears) pending as on March 01, 2020 has to be remitted in full to take the benefit of this Moratorium. In case we do not get your response before April 07, 2020 by 05:00 PM IST, it will be presumed that you will be making payment, on April 08, 2020 and we would present your EMI NACH. You may keep sufficient balance in your account to clear your EMIs. Kindly note that this moratorium is for instalments due between March 01, 2020 and May 31, 2020. In case you have paid your EMI due in the month of March, you can seek for moratorium for the months of April and May. Stay Indoors, Stay Safe.

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