

**DISRUPTIONS DUE TO COVID-19
POLICY ON RELIEF MEASURES TO BORROWERS**

MARCH 28, 2020

GANG-JONG DEVELOPMENT FINANCE PVT LTD




Contents

1. INTRODUCTION.....	3
2. POLICY APPLICABILITY.....	3
3. CUSTOMER IDENTIFICATION.....	4
4. RELIEF OFFERED AND METHODOLOGY.....	5
5. APPROVAL PROCESS.....	5
6. ASSET CLASSIFICATION.....	6
7. DISPLAY ON WEBSITE.....	6



1. INTRODUCTION

Gang-Jong Development Finance Pvt Ltd (hereinafter referred to as "GDFPL" or "Company") is a Private Limited Company incorporated under Companies Act, 2013 and is regulated & supervised by the Reserve Bank of India.

A new type of CORONA Virus, named COVID-19 is spreading very fast across the globe, hospitalizing lakhs of people and killing several thousand so far. It is declared as a pandemic by World Health Organization and the Governments world over have imposed strict lockdowns to contain the spread of virus.

COVID-19 is causing wide-spread and global level disruptions and is having huge negative impact on people's health, economic and social conditions. The Governments are taking several steps on war footing to improve the economic conditions of the vulnerable sections.

The Reserve Bank of India(RBI)issued instructions to lending institutions, vide **Circular number RBI/2019-20/ 186 DOR.No.BP.BC.47/21.04.048/2019-20, dated March 27, 2020 titled "Covid-19 – Regulatory Package"**, to revive growth and to preserve financial stability.

In terms of Para (8) of the above circular, lending institutions shall frame Board approved polices for providing the mentioned reliefs to all eligible borrowers, inter alia, including the objective criteria for considering reliefs as detailed under paragraph 4 of the above circular and to be disclosed in public domain. Accordingly, the Company proposed to put in place this Policy.

2. POLICY APPLICABILITY

The RBI's Press Release dated March 27, 2020 on "Statement on Developmental and Regulatory Policies", sets out interalia, various developmental and regulatory policies that directly address the stress in financial conditions caused by COVID-19. Point No.5 of the said Press Release reads as under:-



Moratorium on Term 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 and micro-finance institutions) ("lending institutions") are being permitted to allow a moratorium of three months on payment of installments in respect of all term loans outstanding as on March 1, 2020. Accordingly, the repayment schedule and all subsequent due dates, as also the tenor for such loans, may be shifted across the board by three months."

Second para of point 6 reads as follows: "The moratorium / deferment is being provided specifically to enable borrowers to tide over the economic fallout from COVID-19. Hence, the same will not be treated as change in terms and conditions of loan agreements due to financial difficulty of the borrowers and, consequently, will not result in asset classification downgrade. The lending institutions may accordingly put in place a Board approved policy in this regard."

Para (2) of the circular states that:

"(i) 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 three months on payment of all installments 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."

3. CUSTOMER IDENTIFICATION

- The stated relief is **not** automatically/mandatory offered to all borrowers
- It is applicable to Term Loan borrowers whose economic activity has been impacted adversely affecting the cash flows.



- The affected borrowers need to specifically request the Company, through phone/ SMS/Whatsapp Message to the designated phone numbers, or mail/letter stating the reasons to seek the relief.
- Customers already categorized as NPA will not be covered within the ambit of the policy.

4. RELIEF OFFERED AND METHODOLOGY

- Repayment Moratorium of one to three months would be provided on payment of all instalments falling due between March 1, 2020 and May 31, 2020.
- If the installment/s for March 2020, is already paid, the borrowers will have the option to seek moratorium for the next 2 installments – April and May 2020.
- The repayment schedule for such loans as also the residual tenor, will be shifted across the board by one to three months after the moratorium period.
- Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.
- Customers who are requesting for moratorium/deferment will be informed about financial implications of such moratorium/deferment including the applicable interest on such action.
- Company would continue to present EMI dues as per normal process for the period March to May'20 for all its customers, unless such customers specifically requested for moratorium after taking cognizance of the additional financial implication on their loan because of the moratorium/deferment.

5. APPROVAL PROCESS

- The Head of the Commercial Credit Department is responsible to contact all the eligible borrowers, inform them about the offer of moratorium, explain the conditions and seek a written request from the willing borrowers.




- A note seeking approval of moratorium shall be submitted to the Chief Executive Officer for review and recommendation to approving authority.
- Managing Director is authorized to approve such requests recommended by the Chief Executive Officer.
- Copy of the approval note with details of name of borrower, mode and date of request (with copy of message/mail/letter received), number of months moratorium offered, revised EMI and communication to the borrowers will be retained in the loan file.

6. ASSET CLASSIFICATION

The loan accounts to which relief has been granted by way of moratorium within the ambit of this policy and as governed by RBI circular, will not result in asset classification change and/or downgrade. The account status reporting to the credit bureaus will be as per the status prior to the moratorium period.

7. 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.

