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**Satin Creditcare Network Limited**  
**MORATORIUM PERIOD POLICY**  
**Version 2 – 15.06.2020**

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**Ownership - Operation Department**

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**SATIN CREDITCARE NETWORK LIMITED**

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## Document Control

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<b>Approved by</b>	Board of Directors
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## Revision History

Date	Version	Description	Created by
02.04.2020	1.0	First Release	Mr. Krishan Gopal, Chief Financial Officer
15.06.2020	2.0	Modification	Mr. Krishan Gopal, Chief Financial Officer

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## Moratorium Period Policy

### Introduction

In light of the recent development in the global scenario, where we are witnessing shutdown on account of crisis triggered by Corona Virus (Covid-19) pandemic, Satin Creditcare Network Limited ("SCNL" or "the Company") has assessed the situation and the likely impact on its collection/recovery.

On March 27, 2020, the Reserve Bank of India ("RBI") announced various measures including moratorium on EMI payment for term loans/ deferment of interest in working capital facilities (RBI Notification Reference No.: RBI/2019-20/ 186 DOR.No.BP.BC.47/21.04.048/2019-20 "COVID-19 – Regulatory Package" dated March 27, 2020).

Further, on May 23, 2020, the RBI has announced the intensification of COVID-19 disruptions has imparted priority to relaxing repayment pressures and improving access to working capital by mitigating the burden of debt servicing, prevent the transmission of financial stress to the real economy, and ensure the continuity of viable businesses and households (RBI Notification Reference No.: RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20 "COVID-19 – Regulatory Package" dated May 23, 2020). Consequently, the exiting moratorium period are further extended for 3 months i.e. from June 1, 2020 to August 31, 2020.

### Moratorium for the Borrowings

As per the RBI guideline dated 27<sup>th</sup> March, 2020 lenders are permitted to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. RBI as per circular dated May 23, 2020 has announced further extension of moratorium on term loan instalments falling due between June 1, 2020 to August 31, 2020 due to extension of lockdown and continuing disruptions on account of COVID-19. Accordingly, the repayment schedule for such loans as also the residual tenor, will be shifted across the board by six months (or such other period as may be specified by RBI from time to time) after the moratorium period. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.

Hence, post moratorium the repayment schedule can be shifted by six months for each instalment during the tenure of the loan and accordingly the tenure will increase by six months. Company plans to approach all our lenders to avail the moratorium. For the initial period of moratorium, where in no instalment is required to be paid, interest will be accrued by the lenders. Company has taken a view that we will continue to pay the interest during the moratorium period. Based on prevailing circumstances, Authorised Officials (as defined hereunder) can take a call on the same.

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With respect to the Direct Assignment (DA) and Business Correspondent (BC) transaction, we have started discussion with the stakeholder and will do the treatment for DA/ BC transactions as per RBI guidelines after due approval from them.

### **Moratorium for the Microfinance Portfolio**

Following are the RBI Guidelines with respect to the moratorium (considering both the notification issued by RBI):

#### **1. Moratorium**

- Lender can give the maximum moratorium up to August 31, 2020 as permitted in the RBI Guidelines for all micro-credit loans. The repayment schedule for such loans as also the residual tenor can be shifted across the board by six months after the moratorium period as per RBI guidelines.
- Lender can collect repayment from the customer who wants to repay as per original schedule to avoid accrued interest for the moratorium period. Lender should avoid to collect any repayment through one-to-one meeting during the lockdown period. Such customers/groups are to be supported to pay digitally.
- Lender to also give moratorium to loan which was delinquent as on March 1, 2020.

#### **2. Accrued interest**

- Lender may accrue interest on the outstanding portion of the loan during the moratorium period.
- Lender to calculate accrued interest for the moratorium period at the interest rate agreed in the original agreement of the loan.
- Lender can collect absolute amount of interest accrued in the moratorium period upfront or proportionately over the residual tenor (with increased installments) or towards the last/additional installment with or/after loan closure. It should be reported as due when it is due.

In view of the above said guidelines and requirement and taking the cognizance of the current situation, SCNL with the motto of Customer First policy, proposes to allow its needy customers who are facing temporary financial difficulties to plan their finances better and avail moratorium of six months on repayment of their instalments falling due between March 1, 2020 to August 31, 2020 or any date extended by RBI for all its borrowing, Company to take a decision based on this policy. This moratorium will enable the borrowers to balance the economic fallout from Covid-19.

Policy on Reschedulement of Instalments is **enclosed as Annexure - 1.**

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## Annexure - 1

### Policy on Reschedulement of Instalments

Reserve Bank of India, vide its circular dated March 27, 2020, has permitted various lending institutions including Micro Finance Institutions to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. Further, RBI through notification (Reference No.: RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20) "COVID-19 – Regulatory Package" dated May 23 RBI has extended the moratorium by another 3 months from June 1, 2020 up to August 31, 2020, mutatis mutandis. Accordingly, the Board of Directors of Satin Creditcare Network Limited have approved following policy guidelines on reschedulement of Installments:

- i) CMD, Group Controller and CFO (Authorized Officials) are authorized to take a call on deferment of repayment of principal/ interest on company's borrowings based on prevailing situation.
- ii) As far as Satin's borrowers are concerned, Customers who want to continue with the original schedule of installments will be allowed to continue with the option after a request from them.
- iii) As far as Satin's borrowers who want to exercise the moratorium, CMD, COOs, Head-Human Resource, Head-Quality (Authorized Officials) are authorized to take operational decision on the moratorium.
- iv) Based on the geography/segment or any other pertinent factor Authorized Officials may decide to propose or defer all the interest/principal payments due from March 1, 2020 to August 31, 2020 or a date specified by the RBI for extension of the moratorium. Hence, it is proposed to further grant a moratorium of three months on payment of all instalments falling due between June 1, 2020 and August 31, 2020 in addition to the moratorium from March 1, 2020 to May 31, 2020 based on the merit of the individual case. The repayment schedule for such loans as also the residual tenor will be shifted across the board by the period of moratorium after the moratorium period. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period. The interest so accrued during the moratorium can be collected as per RBI guidelines. However, many borrowers have already paid installments in the month of March 2020 to May 2020. Such borrowers can be granted deferment for period starting from the due date of last instalment, remaining unpaid, in the month of March, 2020 up to the date of moratorium as specified by RBI. Alternatively, if the customer has paid repayment due in March, 2020 and wants to avail moratorium benefit on March, 2020 repayment, this can be



considered by the Company. In such case, repayment received in March, 2020 can be considered as prepayment and adjusted with the revised installment due after moratorium.

- v) No penalty shall be charged for deferred installment for both fresh loan disbursements and for existing loan repayments during this period.
- vi) In case any borrower does not want deferment of installment, he/ she will have to communicate the same to the Company. Non- communication or delayed communication shall be treated by default as acceptance of deferment by that particular borrower(s).
- vii) 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 SCNL.
- viii) The existing instalments falling due up to February 29, 2020 will have to be paid as early as possible and the treatment of such installments will be as per existing guidelines.
- ix) While our recovery and Branch staff shall make all possible efforts for recovering the overdue in time, they have to adopt softer approach (wherever required) in view of the prevalent conditions.
- x) The Authorized Officials are authorized by the Board to approve any operational procedures/guidelines as may be required to implement the policy and make any changes to the policy in line with the directions/guidelines issued by RBI from time to time.
- xi) The decision on the deferment of installment shall be applicable to all loans irrespective of loan asset classification. However, such deferment will not be applicable in case voluntary payment/prepayment by borrowers voluntarily.
- xii) This policy will come into force with effect from March 1, 2020 and remain effective till August 31, 2020 or any other date as may be specified by RBI from time to time.

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