

POLICY ON MORATORIUM AS GUIDED BY RBI NOTIFICATIONS

(Approved in the Board meeting dated March 30TH , 2020)

Preface:

Reserve Bank of India has come out various developmental and regulatory policies that directly address the stress in financial conditions caused by COVID-19 vide their notification on “Statement on Developmental and Regulatory Policies” and “Covid-19- Regulatory Packages” dated March 27, 2020.

The objective is to expand the liquidity in the system to ensure that financial markets and its institutions are able to operate normally in the midst of Covid 19- related dislocations and to ease financial stress caused by Covid-19 disruptions through relaxation of payment pressures & improving access to easy credit for their workings.

In order to support our customers in the ground at this time of need, SSF have come out with a set of policy directives adhering to the RBI guidelines on this subject.

A. Moratorium on payment of installments

- a) As the country will be in lock down up to April 14, 2020 and further, local economies would take time for its revival, we believe that the moratorium of 3 months as announced by RBI up to May 31, 2020 would be appropriate to our needy customers. SSF will stand in solidarity with our customers during times of hardship by extending the moratorium.
- b) Customers who are interested & willing to pay without availing the moratorium shall be allowed to do so with their consent.
- c) Customers already categorized as NPA will not be covered under the ambit of this policy

B. Providing new repayment schedule

The existing repayment schedule of our customers shall be modified and a new repayment schedule/Loan card shall be provided to them which shall reflect the moratorium provided and the extended tenure of repayment. The same shall also reflect in other loan related documents if required. The staff & customers shall be duly sensitized on the moratorium and revised repayment schedule details to avoid any frauds at customer or staff level.

C. Collection of Accrued Interest

The Reserve Bank has allowed collection of interest accrued during the moratorium period. This accrued interest may be collected along with the consecutive EMI/ installment repayments or same shall be amortized into the new repayment schedule. However, the accrued interest shall not be added to the principle outstanding and interest shall not be charged over the accrued interest

D. CLASSIFICATION OF ASSETS

The asset classification of term loans which are granted relief as per RBI directives shall be determined on the basis of revised due dates and the revised repayment schedule

E. No adverse impact on Credit History of Customers

As advised by RBI, it shall be ensured that, there is no adverse impact on the credit history of our customers for non-repayment during the allowed moratorium period. The customer accounts will not be shown as overdue and the repayment schedule shall be modified accordingly to reflect the moratorium. 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).

F. Support to our customers in distress

SSF shall extend necessary support to our customers whose cash flows are adversely affected. The lending decision will be taken based on the prevailing market condition/ regulatory direction/customer requirements, purpose & debt servicing capability.

The above policy will be an integral part of our existing credit policies for Hypothecation / Hire purchase/ Business loans/ unsecured loans/ LAP etc. The company will also disclose the above policy in its web site www.shariatfinance.com
