

Moratorium Policy as Covid -19 package for Customer

1) Introduction:

Annapurna is catering to 17 lakhs households in 17 states of the country and working with mostly the rural communities and people who have limited resources and hugely dependent on steady cashflows to support their family.

The current sensitive situation in the entire world due to the Covid-19 Pandemic has brought economic impacts which had never seen or envisaged before. One of the worst hit segments in this event will be our clients who belongs to the low-income BOP community. Their earnings will be severely hit, and they would take a month or so to recover from this crisis. As most of the country went into lock down from 20th of March 2020, Annapurna has stopped its collection and disbursements till the end of the lockdown period. However, we firmly believe that it will have severe consequences if we resume our collection immediately after the lock down is over, we have to allow few months to our clients so that they come back to a stable economic condition and to service the outstanding loans.

2) Objective:

The objective of this moratorium policy is to offer a special moratorium of up to six months on all the product offered by the Company to all its clients based on the RBI's circular on "COVID-19 – Regulatory Package" dated March 27, 2020 and May 23, 2020 (**RBI COVID-19 Circular**) on regulatory measures in view of COVID-19 pandemic

3) Types of loans covered

This policy applies to all installments in respect of all loans (including SHG/JLG, MEL, Water & Sanitation, Dairy Development, Samarth, Consumer Durable, Solar Light, Housing, Home improvement and Inorganic loans) and working capital facilities in the form of cash credit and overdraft facilities. The term "installments" means principal and/or interest installments, bullet repayments, and equated monthly installments.

A "moratorium" in respect of instalments on loans, by "shifting" the repayment schedule and residual tenor of such loans by the period of the moratorium. Interest will continue to accrue for the period of the moratorium.

4) Accrued Interest

- The Company shall accrue interest on the outstanding portion of the loan during the moratorium period.
- The Company to calculate accrued interest for the moratorium period at the interest rate agreed in the original agreement of the loan.
- The Company shall collect the amount of interest accrued during the moratorium period in the following manner, depending on the customer's preference:
 - a. Immediately at the end of the moratorium period, in which case, the amount of EMI would remain unchanged, with only the repayment schedule being shifted, on account of the moratorium; or

- b. Over the residual tenor (including the extended period) of the loan, by increasing the amount of EMI suitably after the moratorium, with the accrued interest being added to the principal amount outstanding at the end of the moratorium period; *or*
- c. After the extended repayment period is over, though not more than three additional monthly instalments; however, in this case, interest at the contracted rate will continue to accrue all along on such unpaid interest."

5) Eligible Borrowers

All the Borrowers of the Company are eligible to get the moratorium benefits unless the borrower choose to opt out.

6) Asset Classification

That the moratorium prescribed in accordance with the RBI COVID-19 Circular and as per the policy "will not be treated as concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower" and "shall not result in asset classification downgrade".

Any asset classification changes shall be determined on the basis of the revised repayment schedule and the revised due dates.

7) Credit information company (CIC) reporting

That the rescheduling of interest and other payments pursuant to this policy will not be considered a default for the purposes of supervisory reporting and reporting to a credit information company.

The Company shall maintain the days-past-due (dpd) status of loan as on 29th Feb 2020 until loan's first repayment due date after the moratorium period.

The Company shall cure the non-repayments status of loans getting delinquent in Mar 2020 in the monthly submission to CICs. This is for the loans where moratorium is given for Mar 2020.

8) Moratorium

All the borrowers shall be allowed for up to six months moratorium on payment of all unpaid instalments of all products offered by the Company, falling due by August 31, 2020 for its Borrowers. The moratorium on all the products extended as Covid-19 package will end on 31st August 2020 unless and until further extension by the Board with regard to the above loans."
