



Policy on Rescheduling of Payments/ Moratorium – COVID-19

Background and Objective

Muthoot Microfin Limited (hereinafter referred to as “MML” or “Company”) is a Public Limited Company incorporated under Companies Act, 1956 and regulated & supervised by Reserve Bank of India.

The Reserve Bank of India vide its circular DOR.No.BP.BC.47/21.04.048/2019-20, dated March 27, 2020, had announced certain regulatory measures to mitigate the debt-servicing burden on borrowers in view of the disruptions brought on account of Corona Virus Disease (COVID-19) pandemic and to ensure the continuity of viable businesses. Through this document, the Company has proposed moratorium to customers who are facing financial difficulty due to this pandemic in line with above mentioned RBI circular titled “Covid-19 – Regulatory Package”.

Relief provided by RBI in the circular:

- a) Moratorium of three months on payment of all term loan instalments falling due between March 1, 2020 and May 31, 2020 for all term loans. Instalments include all principal and interest payments, bullet repayments, EMIs, and credit card dues falling due between these dates. 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.
- b) Since the moratorium/deferment/recalculation of the ‘drawing power’ is being provided specifically to enable the borrowers to tide over economic fallout from COVID-19, the same will not be treated as concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower under paragraph 2 of the Annex to the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated June 7, 2019 (“Prudential Framework”). Consequently, such a measure, by itself, shall not result in asset classification downgrade.
- c) The asset classification of term loans which are granted relief as per paragraph 2 shall be determined on the basis of revised due dates and the revised repayment schedule. Similarly, working capital facilities where relief is provided as per paragraph 3 above, the SMA and the out of order status shall be evaluated considering the application of accumulated interest immediately after the completion of the deferment period as well as the revised terms, as permitted in terms of paragraph 4 above.
- d) 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 the lending institutions. CICs shall ensure that the actions taken by lending institutions pursuant to the above announcements do not adversely impact the credit history of the beneficiaries.

Customers eligible for moratorium/deferment:

Customers satisfying following criteria would be eligible for EMI/ EMI moratorium/interest deferment:

1. All existing borrowers of the Company whose repayments are falling due between 1st March 2020 to 31st May 2020 .
2. The account can be Standard or otherwise
3. The account must not have been Witten-off from the books of the Company

Company's policy for providing the said relief to borrowers:

- It is proposed to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020 to all borrowers of the Company.
- Due to the moratorium period, residual tenure of the loan would be extended.
- No penalty shall be charged for deferred instalments
In case any borrower does not want deferment of instalment, they can approach the Company for the same and continue to pay the instalment.
- 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 the Company. The account status reporting to the credit bureaus will be as per the status prior to the moratorium period.
- The relief given as above as per the special dispensation given by RBI will not result in any downgrade of asset classification.
- However, if there is an existing default like interest/principal due up to February 29, 2020, the usual asset classification and provisioning norms will apply.

Committee & Approval Process

Decision for implementation of these guidelines at each customer loan level shall be entrusted to a Committee of officers, as under:

- Chief Executive Officer
- Chief Financial Officer
- Executive Vice President - Operations
- Executive Vice President – Risk & Audit

Approval of minimum 2 out of 4 members shall be required in this regard.

Display on Website

The Board Approved Policy on Rescheduling of Payments Moratorium will be hosted on the Company's website for our Customers information and benefit as mentioned in the RBI's Circular.