

Electronica Finance Limited

Policy on Covid-19

06 April 2020

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1. Introduction

Covid-19 is significantly impacting the global health, trade, supply chain, commodities, logistics and businesses. The immediate impact is on the informal sector, MSMEs, construction, auto etc. As per estimates, India's GDP growth is to moderate further from earlier estimates of 5 per cent for FY20.

Reserve Bank of India (RBI) vide RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dt. March 27, 2020 (enclosed as *Annexure*) has announced regulatory measures to mitigate the burden of debt servicing brought about by disruptions on account of Covid-19 pandemic and to ensure the continuity of viable businesses.

Accordingly, all lending institutions have been advised to frame Board approved policies for providing the reliefs to all eligible borrowers, *inter alia*, including the objective criteria for considering reliefs and disclose the same in public domain.

2. Details of Package

2.1. Moratorium on Payments – In respect of term loans, a moratorium of up to three months on payment of installments (both principal and interest or EMI as applicable) falling due up to May 31, 2020, based on the request received from customers.

The repayment schedule for such loans as also the residual tenor, will be shifted based on customer request by up to three months after the moratorium period. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period. The repayment of the interest accrued during the above moratorium period shall be given the same treatment as the principal. The accumulated accrued interest shall be recovered after the completion of the moratorium months period or as per the guideline in this regard updated by RBI from time to time. No penal interest shall be applied during this period.

2.2. Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA) Since the moratorium/deferment 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 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. The asset classification of term loans which are granted relief (under Covid-19 package) shall be determined on the basis of revised due dates and the revised repayment schedule. The rescheduling of payments, including interest under Covid-19 package, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies (CICs).

2.3. Accounts not Eligible: The relief as stated above shall not be applicable for the following type of accounts:

- Non-Performing Accounts
- One-Time Settlement cases
- Written-off accounts
- Cases filed under NCLT/ IBC, if any

3.Operational Guidelines

- i. This Policy on Covid-19 is being proposed to be approved by the Board of Directors
- ii. In case RBI issues any subsequent update or additional guidelines, the same shall be shared with board and this policy shall be deemed to be automatically updated and subsequently ratified by the Board.
- iii. EFL shall disclose its Board approved Policy on Covid-19 on its website.
- iv. The approved Policy shall be made applicable on immediate basis.
- v. The Operations / Credit teams will reschedule the due dates of payments in the system as stated above on immediate basis based on request received from customers.
- vi. The MCC may be delegated powers to approve the revised repayment schedule in line with the regulatory guidelines.
- vii. EFL shall develop an MIS on the reliefs provided to its borrowers which shall, *interalia*, include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted. Such an MIS shall be reported by Operations to the Risk Management Committee on monthly basis and Board on quarterly basis. MIS shall also include the overdue amount if any in such accounts.

Customer can send their request to customerfirst@efl.co.in

Annexure: Circular RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dt. March 27, 2020
https://m.rbi.org.in/scripts/BS_CircularIndexDisplay.aspx?Id=11835