



## Circular on COVID –19 Crisis

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## Objective

Reference to the RBI notification, Ref: no RBI/2019020/186DOR.No.BP.BC.47/21.04.048/2019-20 “COVID-19 – Regulatory Package” dated 27<sup>th</sup> March 2020 where it permits NBFCs ,Banks & HFCs to offer relief to eligible borrowers by deferring the EMI payment between 1<sup>st</sup> March 2020 to 31<sup>st</sup> August 2020. Course of action proposed by RBI for customers who will be allowed deferment of EMI payment will involve increasing the tenor of the loan by 3 or more (depending on the interest component) months ***without any waiver on the interest which will continue to accrue on the outstanding portion of the term loan during the moratorium period.***

## Guidelines on Moratorium to be offered to the customers

- 1) Deferment/ Moratorium of EMI is permitted to all borrowers of :
  - Personal loan
  - Business Loan
  - Loan Against Property
  - Consumer Vehicle Loan

having outstanding loan as on 1<sup>st</sup> March 2020.

- 2) Moratorium can be offered only for EMI due between 1<sup>st</sup> March 2020 till 31<sup>st</sup> August 2020. There will be no Moratorium on overdues prior to 1<sup>st</sup> Mar 2020.
- 3) All borrowers ***with overdues prior to 1<sup>st</sup> March 2020 will have to clear the same*** in order to seek Moratorium of EMI for the period notified by RBI.
- 4) Moratorium ***does not apply to interest charges***. The same will continue to accrue at the contracted interest rate & will get added to the principal outstanding loan amount by increasing the tenor or the EMI component, post expiry of moratorium period. ***This increased EMI or increased tenor will lead to higher pay-out for borrowers opting for moratorium as compared to those who continue to pay their EMI as per the earlier repayment schedule.***
- 5) Borrowers Under DRT, SARFAESI, Insolvency proceedings & borrowers classified as Fraud and Non-Standard accounts as of 1st March 2020, will not be eligible for Moratorium.
- 6) ***All requests received by RattanIndia Finance Private Limited (RattanIndia Finance) for deferment of EMI will be evaluated*** and if satisfied with the facts of the case, EMI deferment will be considered at the sole discretion of RFPL and the borrower(s) shall be accordingly communicated.
- 7) RattanIndia Finance encourages all its borrowers ***to pay their EMIs on time to avoid capitalisation of the interest component in the loan amount.***

### What does Moratorium mean? Does it mean waiver of EMI Payment?

- For all term loans, lending institutions are **permitted** to grant a Moratorium of three months on payment of all instalments falling due between 1<sup>st</sup> March 2020 to 31<sup>st</sup> August 2020. This means your loan repayment schedule will shift by three or more months and/or an increase in EMI (or a combination thereof). **No, it does not mean waiver of EMI payment.**

### Will RattanIndia Finance give me a moratorium?

- If you are facing financial issues, you may opt for moratorium. **All requests received by RattanIndia Finance for deferment of EMI will be evaluated** and if satisfied with the facts of the case, EMI deferment will be considered at the sole discretion of RFPL.

### In case I avail the moratorium, how will it impact my loan?

- Interest will continue to be charged on the outstanding loan amount during the period of moratorium as well as the extended tenor of your loan.
- Unpaid interest amount of your loan account during this period of moratorium will be capitalised i.e. added to your outstanding principal amount and in order to keep your instalment at the current level, the tenor of your loan will be enhanced accordingly.
- As a result of above points, while your EMI amount will remain same, the amount of interest cost on your loan will increase due to extension of the remaining tenor of your loan.

### If I postpone paying my loan by 3 or more months, do I pay extra interest for these months?

- **Yes. We recommend all our borrowers to pay their EMIs on time** to avoid capitalisation of the interest component in the loan amount.

### Will the Moratorium be applicable in case of new loans sanctioned after March 1, 2020 during the lockdown period?

- New loans sanctioned and availed after 01 March 2020 will not be eligible for moratorium. Non-payment of EMI's for loans sanctioned or availed after 01 Mar 2020 will lead to tagging of loans as overdue and delinquent and will be reported to credit bureaus as well.

### Will my EMI's get debited from my bank account during the moratorium period?

- For all loans which have been offered moratorium, we shall be putting the EMI's on hold, subject to the receipt of moratorium request prior to EMI banking date(s) & acceptance of your Moratorium request.

### Is the Moratorium optional? Should I avail the moratorium option?

- Moratorium is optional and is at the sole discretion of RattanIndia Finance .It is recommended that the option of moratorium to be availed by those borrowers whose short-term cash flows are adversely affected hence who are facing temporary financial constraints arising from the COVID-19 pandemic. Therefore, you should opt for the moratorium only if you are facing short term cash flow challenges, since interest would continue to accrue for this time period which will additionally be have to be serviced along with the deferred monthly instalments.

### Why was my account debited when the RBI has announced a Moratorium?

- Opting for the Moratorium is entirely the customer's choice and subject to acceptance by RattanIndia Finance. We understand that all our customers may not opt for the Moratorium given that there is an additional levy of interest payable under the terms of the Moratorium.

**Can already paid EMI be reversed to obtain the moratorium facility?**

- No. EMI Payment received cannot be reversed. Moratorium however can be provided for the subsequent months.

**Will penal interest (due to deferment) be levied for the instalments which are falling due between March 1, 2020 to August 31, 2020 and which have been deferred by availing the moratorium option?**

- No, penal interest will not be charged due to deferment of the instalments which are falling due between March 1, 2020 to August 31, 2020. However, interest would continue to accrue on the outstanding principal at the applicable rate of interest for the loan.

**Will I be communicated if my request for moratorium has been accepted?**

- Post receipt of your request, we shall communicate if your request has been accepted and inform you the applicable interest along with all terms & conditions applicable for the moratorium

**Will I be required to submit a Fresh NACH debit mandate?**

- No, as the EMI will remain same and tenure will increase to recover the deferred interest accrued during the moratorium period. However, in cases where EMI amount increases a fresh NACH mandate will be required.

**Will the terms and condition of sanctions/ loan agreement change?**

- No. Since the moratorium/deferment is being provided specifically to enable you 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.

**Can I OPT-IN for the moratorium for one month and then OPT-OUT?**

- No. If you avail the moratorium, you will not be able to reverse your decision till end of moratorium period. For e.g. If you avail the moratorium for April 2020, it will be also applicable for May 2020.

**How do I apply for moratorium?**

- You will have to send a request to [wecare@rattanindia.in](mailto:wecare@rattanindia.in) to initiate the process. We may seek additional information/data during this process.

**Please note: FAQs can change based on Regulatory clarification**