



## Bussan Auto Finance India Pvt. Ltd.

(Registered & Head Office)

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### Policy on Moratorium – COVID 19 Regulatory Package

**Recommended by:** Operations, Contact Centre & Collections

**Approval Authority:** Board of Directors

**Date of Approval:** April 02, 2020

**Date of 1<sup>st</sup> Revision:** June 01, 2020

The Reserve Bank of India (RBI) had issued a “*Statement on Developmental and Regulatory Policies*” dated March 27, 2020 followed by necessary instructions under “*COVID-19 Regulatory Package*” vide Circular No. DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 and DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020 consisting of various measures to *inter alia* ease the financial stress and mitigate the burden of debt servicing caused on account of COVID-19 pandemic and to ensure business continuity.

Considering the financial distress caused due to COVID-19 pandemic and to ensure business continuity, **Bussan Auto Finance India Private Limited** (hereinafter referred to as “**Company / BAF India**”) shall provide the necessary relief to its Borrowers as permitted by RBI.

#### 1. Objective

The objective of this policy is to devise a process and procedures to provide Moratorium benefit to the borrowers to ease the financial stress caused by COVID-19 disruptions by relaxing the repayment pressures and rescheduling of payments of the loans by the Borrowers who are granted benefit under this Policy.

#### 2. Definitions

- a) **Borrower:** Borrower shall mean to include all the Customers of the Company whose Instalments on Loan (EMI) is falling due during the Moratorium Period;
- b) **EMI:** EMI shall mean the amount of loan instalments which are falling due during the Moratorium Period;
- c) **Irregular Borrower:** The Borrower who was not Regular in Payments of his EMIs due prior to March 01, 2020
- d) **Moratorium Benefit:** It shall mean to include any or all of the benefits described under point 5 (Measures) hereunder.
- e) **Moratorium Borrowers:** It shall mean the Borrowers who wish to avail the Moratorium Benefit and place a request in this regard in the manner prescribed under this Policy.
- f) **Moratorium Period:** The Period between March 01, 2020 and \*August 31, 2020
- g) **Non-Moratorium Borrowers:** It shall mean the Borrowers who do not wish to avail the Moratorium Benefit.
- h) **Regular Borrower:** The Borrower who was Regular in Payments of his EMIs due prior to March 01, 2020 and includes borrowers whose first EMI falls due between March 01, 2020 and August 31, 2020\*.

- i) **Regular in Payments:** A Borrower shall be deemed to be Regular in Payments if he has not defaulted in his payments for more than 3 consecutive instances prior to March 01, 2020

### 3. Applicability

- The Policy is applicable across all the Regional offices and other states or cities where the Company has its operations.
- The benefit granted under this policy shall be restricted to the Borrowers of the Company to the extent and in the manner prescribed under the Objective Criteria devised by the Company under point 4 hereunder.
- The benefit granted under this policy is a temporary measure for the Borrowers of the Company to relax their repayment pressures for the **instalments of loans (EMI) falling due between March 01, 2020 and \*August 31, 2020 (“Moratorium Period”)** and shall not be extended further unless otherwise instructed by RBI or the Government of India in this regard.
- The Moratorium / deferment benefit granted under this policy is being specifically provided to enable the borrowers to tide over the economic fallout from COVID-19, the same shall, thus, not be regarded as any concession or change in the prevalent terms and conditions of the loan agreement entered into between the Borrowers and the Company.

### 4. Objective Criteria

- Moratorium Benefit shall mean and include all the benefits described under Point 5 (*Measures*) hereunder. However, the Company may on case to case basis restrict the benefits in the manner and to the extent as the Company may decide at its sole discretion.
- The Moratorium Benefit shall not be granted to the Irregular Borrowers.
- The Moratorium Benefit under this Policy shall be granted only to the Moratorium Borrowers.
- The EMIs of all the Non-Moratorium Borrowers shall continue to be presented for repayments in normal course without any benefit under this policy.
- Where the EMI of a Non-Moratorium Borrower gets dishonoured or delayed during the Moratorium Period, then the Company may consider granting him/her the relief under this policy subject to the following:
  - i. Regular Borrower: In case such Non-Moratorium Borrower was otherwise a Regular Borrower, he shall be automatically considered as Moratorium Borrower and accordingly the Moratorium Benefit shall be granted to him.
  - ii. Irregular Borrower: An Irregular Borrower may be considered as Moratorium Borrower only if Company receives a specific request from him / her in this regard and the Company deems the account is fit for granting the Moratorium Benefit under this Policy.

The approval or denial of the Moratorium Benefit in all cases shall always be at the sole discretion of the Company

- The benefit under this policy is not a matter of right to any Borrower and therefore the final decision to grant the relief and the period of such relief shall be upon the Company only.

## 5. Measures

The Company shall adopt the following measures to provide relief to the Moratorium Borrowers as permitted by RBI:

### a. Rescheduling of Payments

- The Company shall grant a moratorium to the Moratorium Borrowers on the payment of their EMIs falling due during the Moratorium Period.
- The Company shall accordingly change the repayment schedule of the loans in a manner that the residual tenor of the loan is elongated across the board by equivalent period (including the Moratorium period) by keeping the EMI constant or by keeping the loan tenor same and revising the EMI amount to give effect of the capitalisation of interest.
- Interest shall continue to accrue on the outstanding principal portion of the loan during the moratorium period and shall be recoverable along with the future instalments.

### b. Waiver of Charges

- The deferment of payment due to the Moratorium period shall not amount to a default and thus shall not attract any default charges or penalties, by whatever name called.
- Dishonour of NACH mandate presented during the Moratorium period shall not be deemed as default and shall not attract any bounce charges by the Company.

### c. Classification of Accounts

- As has been amply clarified by RBI, the rescheduling of payments, including interests, shall not qualify as a default for the purpose of reporting to the Credit Information Companies (CICs) and accordingly shall not adversely impact the credit history of the borrowers.
- The asset classification of the loans which are granted relief under this policy shall be determined on the basis of revised due dates and the revised repayment schedule.

## 6. Standard Operating Procedures (SOPs)

- a. The Moratorium Borrowers shall place a request to the Company via email on [moratorium@bafindia.com](mailto:moratorium@bafindia.com) to avail the Moratorium Benefit. However, requests received from customers on other designated e-mail ids provided to report grievances or requests received in writing shall also be considered.
- b. The Company shall examine the request and if considered fit to grant the benefit, it shall activate the benefit for the requested loan account.
- c. It shall be deemed an implied consent by the Moratorium Borrowers to the Terms and Conditions as appended as **Annex- I** for availing the benefit under this Policy.
- d. **Interest shall continue to accrue on the outstanding principal portion of the loan during the Moratorium Period and shall be recoverable along with the future instalments as per the revised repayment schedule as may be decided by the Company.**
- e. The Moratorium Benefit is restricted to defer the EMIs falling due for payment during the Moratorium Period. However, the Borrowers who have already paid their EMIs for any month falling due during the Moratorium Period may avail the Moratorium Benefit for the remaining Moratorium Period. The Company shall not refund the amount of EMI already paid.

- f. The Moratorium Borrowers shall provide fresh NACH Mandates to the Company considering the basis of the rescheduling of the Loans.
- g. The Company may send a confirmation email alongwith the revised repayment schedule to the Moratorium Borrowers for their reference and records.
- h. The policy shall be hosted on the Website of the Company [www.bafindia.com](http://www.bafindia.com) for the necessary communication and notice to the Borrowers.
- i. The Company on best efforts basis shall not deny the benefit to any Customer if the request is made on any other email or the request is made through any other Communication channel.
- j. In order to grant the benefit under this Policy, the Company may consider the track record of the Borrower, ask for any additional information or document, including but not limited to the updated KYC records, from the Customer for its internal records and Risk Identification and Mitigation Purpose.
- k. The asset classification of the loans which are granted relief under this policy shall be determined based on the revised due dates and the revised repayment schedule.
- l. The Company shall not consider the aforesaid deferment as default for the purpose of reporting to the Credit Information Companies (CICs).

## **7. Force Majeure**

Any failure to grant the benefit under this Policy due to Force Majeure shall not hold Company liable for any damages, claims, costs or other charges, by whatever name called, incurred by the Borrowers.

## **8. Tenure and Amendments**

- The Policy shall be deemed effective from the date of the approval of the Board of Directors and shall be applicable to all the loans for which the repayment instalments are falling due between March 01, 2020 and \*August 31, 2020.
- The Moratorium benefit under this policy is based upon the COVID-19 Regulatory Package announced by RBI on March 27, 2020 and May 22, 2020 and accordingly it is restricted to those Loan Accounts where the instalments are falling due, including the earlier overdue instalments, during the Moratorium Period and such period shall not be extended unless otherwise decided by RBI or the Government of India.
- The Policy shall stand automatically amended in line with, and to the extent applicable on the Company, any further amendments or modifications made or announced by RBI or Government of India in this regard.

**For Bussan Auto Finance India Private Limited**

**Sd/-**

**Kota Odagiri  
Managing Director**

**Terms and Conditions for Moratorium Benefit on EMI Payments**

1. Moratorium benefit is a rescheduling of the loan which allows Customers to defer their payments till \*August 31, 2020. The benefit is meant only for deferment in payment and does not allow any waiver of payment of EMI.
2. Deferment of EMI would be done month wise or for up to 6 months at a time for EMI's falling due between March 01, 2020 to \*August 31, 2020 ("*Moratorium Period*"). The benefit shall not be further extended for any reason whatsoever unless otherwise instructed by RBI or the Government of India.
3. The benefit is not a matter of right of the Customer and the final decision shall, in all cases, stand with the Company. The Customer shall have no claim of any kind in case the Company denies such benefit.
4. The Company shall not charge any Bounce Charges from the Borrowers to whom the Moratorium benefit is granted. However, if the Customer's Bank imposes any Bounce Charges on dishonour cases then the Company shall not be liable for any claims, liabilities, costs, damages or charges of any kind.
5. The Loan Accounts already classified as NPA by the Company are not covered under the ambit of this Policy.
6. The Customer undertakes to provide fresh NACH mandates to the Company considering the revised repayment schedule.
7. The interest shall continue to accrue on the Moratorium Period and no request for waiver of any kind shall be entertained by the Company.
8. The Customer undertakes that he/she is well aware with the pros and cons of the Moratorium Benefit and its impact on his/her financial planning and the Company not be liable for any damages or losses or costs or charges, by whatever name called, incurred by him on account of the Moratorium Benefit availed by him.
9. The Moratorium Benefit is to enable the borrowers to tide over the economic fallout from COVID-19 and shall not be deemed to any concession or changes in the terms of the Loan Agreement.
10. The Borrowers who have already paid their EMIs for any month falling due during the Moratorium Period may avail the Moratorium Benefit for the remaining Moratorium Period. The Company shall not refund the amount of EMI already paid.
11. The Moratorium Benefit is for deferment of maximum 6 EMIs falling due upto \*August 31, 2020. However, the Company may restrict such benefit based upon the need and the financial implications.

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\* Period of Moratorium extended till August 31, 2020 vide Circular No. DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020