


**POLICY FOR PROVIDING RELIEF UNDER COVID 19  
REGULATORY PACKAGE  
OF  
NAVI FINSERV PRIVATE LIMITED**  
(Formerly Known as Chaitanya Rural Intermediation Development Services  
Private Limited)



Version No.	COVID-19/2.0/2021-22
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Policy owner	Chief Executive Officer
Approved by	Board of Directors
Signature	RIYA BHATTACHARYA A  Digitally signed by RIYA BHATTACHARYA Date: 2021.05.28 21:39:38 +05'30'

# Policy for addressing the stress arising in the portfolio following the outbreak of COVID-19

## Table of Contents

Context .....	3
Measures by the RBI.....	3
Applicability to NFPL.....	3
A) Policy for Restructuring Loan accounts for Individual Customers who have availed loans from NFPL.....	3
1. Permitted reason for Restructuring: .....	3
2. Eligible Customers:.....	4
3. Restructuring Policy and Rescheduling of Repayments:.....	4
B) Policy for offering moratorium to non-individual borrowers.....	4
C) Policy in case of assigned / securitized loans.....	5
D) MIS and Communication.....	5
E) Seeking Moratorium from lenders of NFPL .....	5
F) Disclosures and Credit Reporting .....	6
G) Reporting and Provisions .....	6

Ref :

[DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020](#)

[DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020](#)

[DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021](#)

[DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021](#)

## Context

As the world is faced with the ongoing pandemic caused by Covid-19 virus - impacting lives of people, businesses and the economy; Governments and Central Banks across the world have responded with fiscal, monetary and regulatory measures to protect economic activity. In line with the same, the Government of India (GoI) and the Reserve Bank of India (RBI) have announced a slew of measures with a view to support livelihoods and minimize the adverse macroeconomic impact of the pandemic.

## Measures by the RBI

The RBI, through its Circular: Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses, dated May 5, 2021 announced certain measures to alleviate the potential financial stress to individual borrowers and small businesses, due to the conditions caused by COVID-19.

Amongst the measures introduced by the RBI for easing financial stress detailed in its circulars:

- (a) RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 (Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package) dated April 7, 2021; and
- (b) RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 (RBI Resolution Framework – 2.0 Circular) dated May 5, 2021 (“**Resolution Framework 2.0 Circular**”) are:

### **A) Resolution Plan to Individual Borrowers**

Lending Institutions are permitted to offer a limited window to individual borrowers and small businesses to implement resolution plans in respect of their credit exposures, while these accounts would continue to be categorized as ‘Standard’ after implementation of the resolution plan, subject to certain conditions specified in the (“**Resolution Framework 2.0 Circular**”).

### **B) Working Capital Support for (i) individuals who have availed of loans for business purposes; and (ii) small businesses where resolution plans were implemented previously.**

### **C) Refund/adjustment of ‘interest on interest’ and Asset Classification**

The Hon’ble Supreme Court of India pronounced its judgement in the matter of Small Scale Industrial Manufacturers Association vs UOI & Ors. and other connected matters on March 23, 2021. Following this judgement, the RBI issued a notification on Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package on April 7, 2021.

## Applicability to NFPL

As an NBFC, NFPL forms part of identified “lending institutions” which are permitted to offer relief measures to its borrowers as outlined in the Resolution Framework 2.0 Circular.

### **A) Policy for Restructuring Loan accounts for Individual Customers who have availed loans from NFPL.**

#### **1. Permitted reason for Restructuring:**

The objective criteria for consideration of restructuring is the customer's inability to earn due to COVID-19 induced lockdown period.

## 2. Eligible Customers:

The customers who (a) are classified as "Standard" by the NBFC; (b) have paid all EMIs on time till May 1, 2021; and (c) have never been in DPD 90+ till the date of this Policy will be eligible to apply for restructuring; subject to certain conditions defined by the management. Subject to the conditions defined by the management, this Policy will be applicable to customers who have taken loans from NFPL prior to February 28, 2021.

## 3. Restructuring Policy and Rescheduling of Repayments:

- a. Customers can reach out to the Customer Support Team of NFPL (details have been provided in loan agreement and on our website: [here](#)).
- b. Customers would be required to provide documentary evidence of the impact of COVID-19 and inability to repay their EMIs due to COVID-19. The Customer Support Team at NFPL shall explain the documentation required to the Customers.
- c. The Risk team will evaluate the documentation and approve the Customer's request to avail the restructuring, only if satisfactory evidence is provided.
- d. The Customer Support Team of NFPL shall communicate the Risk Team's ultimate decision on restructuring, to the customer (within a period of 30 days from the receipt of the customer's application).
- e. If a customer is found to be eligible for the restructuring option, then a new loan agreement and revised EMI schedule would be sent to the approved customers.
- f. The last date for invocation of the restructuring option shall be September 30, 2021.
- g. Customers aggrieved by the decision of NFPL on their eligibility for the restructuring option can raise their concerns with the Customer Support Team of NFPL (details have been provided in loan agreement and on our website: [here](#)).
- h. The decision of the management of NFPL would be considered as final.

2. **Reporting to Credit Information Companies (CICs):** The credit reporting by NFPL in respect of borrowers where the resolution plan is implemented under this policy shall be reported as "restructured due to COVID-19" status of the account. The subsequent reporting would be as per the revised EMI schedule.
3. The Company does not charge interest on interest on the loans advanced to individuals, and hence the following RBI circular would not be applicable - RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 (Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package) dated April 7, 2021 (available here).

## **B) Policy for offering moratorium to non-individual borrowers.**

- NFPL would consider offering restructuring of a maximum of three months on payment of instalments (principal and/ or interest) falling due between March 1, 2020 and May 31, 2020 to all Eligible Borrowers subject to a formal request from the registered email address of such borrower.
- Further, NFPL would consider restructuring of a maximum of three months on payment of installments (principal and/or interest) for loans which are standard as on 31<sup>st</sup> March 2021 and have shared a formal request from the registered email address of such borrower.
- The Investment Committee as constituted by NFPL shall objectively evaluate the direct impact of the pandemic on the underlying business and the stress on liquidity and then decide on grant of restructuring on a case to case basis. Borrowers would be required to submit consent for terms and conditions governing the restructuring and for the revised repayment schedule.

- There are no restrictions on borrowers who may otherwise wish to continue servicing their debt obligations on the existing terms without availing of any restructuring.
- For securitization transactions, NFPL would consider restructuring based on the Board approved policy of the Servicer/ Originator.
- Interest on term loans / debt instruments would continue to accrue on the outstanding amount during the payment restructuring period. Such accrued interest would become payable as agreed in the terms of re- schedulement.
- Borrowers under DRT, SARFESAI, Insolvency proceedings & Borrowers classified as Fraud, will continue to remain ineligible to avail relief under the restructuring Policy.

**Reporting to Credit Information Companies (CICs):** The credit reporting by NFPL in respect of borrowers where the resolution plan is implemented under this policy shall be reported as “restructured due to COVID- 19” status of the account. The subsequent reporting would be as per the revised EMI schedule.

### **C) Policy in case of assigned / securitized loans.**

The Company has securitized / assigned some of its loan receivables to various institutions including banks and special purpose vehicles (collectively referred to as investors) wherein it acts as a servicer for such loan receivables.

In accordance with the deed of assignment, trust deed and other documents, and as per the Guidelines on Securitization of Standard Assets (Feb 01, 2006) and Revisions to the Guidelines on Securitization Transactions (Aug 21, 2012) by the RBI, the company is required to seek express consent from investors for any modification/ re-scheduling of the terms of the assigned loans.

Therefore, the company intends to share its restructuring policy with all investors and seek express consent from such investors for granting three months restructuring to the borrowers under assigned loans who have sought for such restructuring. Upon receipt of approval from investors, the company will undertake necessary amendments to the transaction documents giving effect to the revised cash flow schedule and extending legal final maturity date for assigned / securitized loans. Any collections arising from securitized / assigned loans under restructuring during the period of restructuring would be considered as prepayment and transferred to the respective trustees for payment as per agreed waterfall mechanism.

### **D) MIS and Communication**

- Wherever the exposure of NFPL to a borrower is Rs.5 crore or above as on March 31, 2021, it shall develop and maintain an MIS on the reliefs provided to its borrowers which shall include borrower-wise and credit- facility wise information regarding the nature and amount of relief granted.
- The Key Management Personnel of the company shall also ensure that all the instructions pertaining to Resolution Framework 2.0 Circular are properly communicated to all the operations and branch executives of the company and clear instructions are issued to its staff regarding its implementation.
- NFPL will disclose its policy on restructuring as per the Resolution Framework 2.0 Circular on its website.

### **E) Seeking Moratorium from lenders of NFPL**

The company presently is not invoking such request and has planned to manage its financials repayment obligations from its resources. The Executive Directors of the Company are empowered to take an appropriate decision on a prudent basis, if and when required to

trigger invoking the option of seeking a restructuring from its lenders based on the company's liquidity position in the market, support from banks and financial institutions in extending credit facilities, and any extensions in lock down or other force majeure situations.

**F) Disclosures and Credit Reporting**

NFPL shall make necessary disclosures and credit reporting in accordance with RBI rules, regulations and relevant notifications in this regard.

**G) Reporting and Provisions**

NFPL shall classify assets and make necessary provisions for customers to whom such restructuring is provided in accordance with RBI circulars, rules, regulations and notifications in this regard.

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