



Arman Financial Services Limited

MORATORIUM POLICY (In context of Covid-19 and RBI issued framework)

1. Preface

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

In view of recent global stress in financial and social conditions caused by Covid-19 (CORONA Virus), every government agency is taking measures to curb the negative impact of pandemic.

Reserve Bank of India (RBI) has taken multiple measures on March 27, 2020 to mitigate the negative effect of virus, to revive growth and to preserve financial stability.

Through this document, the Company has proposed moratorium to customers who are facing financial difficulty due to this pandemic in line with RBI’s Circular number RBI/2019-20/ 186 DOR.No.BP.BC.47/21.04.048/2019-20, dated March 27, 2020 titled “Covid-19 – Regulatory Package”.

2. Applicability

This is with reference to the RBI’s Press Release dated March 27, 2020 on “Statement on Developmental and Regulatory Policies”. The Statement sets out, inter alia, various developmental and regulatory policies that directly address the stress in financial conditions caused by COVID-19. Extract of the Press release is as below - Point No.5 reads as under: -

5. Moratorium on Term Loans

“All commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies and micro-finance institutions) (“lending institutions”) are being permitted to allow a moratorium of three months on payment of instalments in respect of all term loans outstanding as on March 1, 2020. Accordingly, the repayment schedule and all subsequent due dates, as also the tenor for such loans, may be shifted across the board by three months.”

Second para of point 6 reads as follows: “The moratorium / deferment is being provided specifically to enable borrowers to tide over the economic fallout from COVID-19. Hence, the same will not be treated as change in terms and conditions of loan agreements due to financial difficulty of the borrowers and, consequently, will not result in asset classification downgrade. The lending institutions may accordingly put in place a Board approved policy in this regard.”

Pursuant to the above, RBI has also issued Circular for the COVID – 19 Regulatory Package vide RBI/2019-20/ 186 DOR.No.BP.BC.47/21.04.048/2019-20, dated March 27, 2020 titled “Covid-19 – Regulatory Package” also states as follows:



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“(i) Rescheduling of Payments – Term Loans and Working Capital Facilities

2. In respect of all term loans (including agricultural term loans, retail and crop loans), all commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies) (“lending institutions”) are permitted to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. 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.”

3. Customer Identification And Objective Criteria

Identification of borrowers will be based on guidelines issued by RBI

- Moratorium would be provided on payment of all instalments falling due between March 1, 2020 and May 31, 2020.
- Customers already categorized as NPA will not be covered within the ambit of the policy.

4. Moratorium Period And Methodology

Since it is not mandatory for NBFCs to offer moratorium to all borrowers, the Company may offer moratorium/deferment from one to three EMIs to borrowers on need based and who have been impacted by the COVID – 19 crises.

Customers who are requesting for moratorium/deferment will be informed about financial implications of such moratorium/deferment including the applicable interest on such action.

- EMI would not be charged to the customer whom moratorium is granted.
- Interest amount of the EMI deferred would be capitalized in the loan collected in either of the three following options. The decision for the same will be taken by authorized officers of the Company.
 - Accrued interest would be collected immediately following the moratorium; or
 - Residual tenor would remain same though EMI for subsequent months will be increased to give effect of the capitalization of interest; or
 - EMI would be kept constant, residual tenor will increase for EMI capitalized portion and repayment schedule will be redrawn.
- For customers who have NACH/Direct Debit mandates (i.e. two-wheeler division), the Company would continue to present EMI dues as per normal process for the period March to May 2020 for



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all its customers, unless such customers specifically requested for moratorium after taking cognizance of the additional financial implication on their loan because of the moratorium/deferment.

- For customers who have cash collections mandates (i.e. MSME division), automatic moratorium will be granted to customer during lock-down unless the customer agrees to pay via cash-less means. The decision on the length of the extension of the moratorium to be granted beyond the lockdown will be taken by the authorized officers of the Company.
- Moratorium/deferment of EMI would be done month wise or up to 3 months at a time for EMI's falling due between 1st March 2020 to 31st May 2020, decision for the same will be taken by the authorized officers of the company on a non-discriminatory basis.

5. Approval Process

The Decision for implementation of these guidelines at either divisional, criteria-based, or on a customer loan level basis shall be entrusted to following authorized officers:

- 1) Mr. Jayendra Patel : Vice Chairman & Managing Director
- 2) Mr. Aalok Patel : Joint Managing Director
- 3) Mr. Vivek Modi : Chief Financial Officer

Advisory council to give recommendations to the above authorized officers

- 1) Mr. Mahendar Reddy : Operational Head - MSME
- 2) Mr. Rambabu Agarwal : Operational Head – Two-Wheeler Sales

The authorized officers are severally / jointly authorized to make a decision on granting moratorium based on recommendation of advisory council.

6. Asset Classification

The loan accounts to whom relief has been granted by way of moratorium within the ambit of this policy and as governed by RBI circular, will not result in asset classification and/or downgrade. The account status reporting to the credit bureaus will be as per the status prior to the moratorium period.

7. Display on Website

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