

Dated: April 1, 2020

Policy on One-time relief measures due to COVID-19

SUBJECT: Regulatory measures and reliefs announced by RBI in view of COVID 19 –KML's Policy for implementation.

BRIEF BACKGROUND:

RBI Governor's Bi-Monthly Monetary Policy Statement issued on March 27, 2020 had announced certain regulatory measures to mitigate the debt-servicing burden on borrowers in view of the disruptions brought out by the current situation. As a follow up RBI has also issued a circular DOR.No.BP.BC.47/21.04.048/2019-20, dated March 27, 2020, detailing the guidelines.

Relief provided by RBI in the circular:

RBI has enabled lending institutions (including NBFCs) to allow a one-time re-schedulement of payments by way of

- a) Moratorium of three months on payment of all term loan instalments falling due between March 1, 2020 and May 31, 2020 for all term loans. Instalments include all principal and interest payments, bullet repayments, EMIs, and credit card dues falling due between these dates. 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.
 - b) Since the moratorium is being provided 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. Hence, these reliefs will not result in downgrading of asset classification of the borrower.
 - c) This also will not qualify as a default for reporting to Credit Information Companies and also under supervisory reporting
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KMIL's policy for providing the said relief to borrowers:

This policy applies to term loan facilities granted and disbursed by KMIL and outstanding as on March 31, 2020. This is not applicable to loan disbursements to be made in April 2020 and thereafter. Other credit conditions in the sanction letters already issued would remain unchanged.

KMIL will offer to all borrowers who wish to avail of the facility of moratorium (for term loan instalments falling due between March 1, 2020 and May 31, 2020) as per the terms of this Policy.

KMIL would be charging the interest, at the original contracted rate, for the moratorium period on the outstanding amount of loan to all those who avail the relief as provided in the RBI circular. This interest has to be paid by the customers as prescribed in this policy.

All customers who desire to avail the relief under the policy can send an email from their registered mail id to paylater.kmil@kotak.com quoting the Loan account / APAC number.

A. Moratorium for Term loans:

- The repayment schedule of term loans will shift by up to three months and the tenor of the term loan will be commensurately extended. The instalment amounts / EMIs will be appropriately recalculated, including interest during moratorium period.
 - If borrowers have already paid their instalments or serviced their interest for March 2020, such borrowers can avail moratorium for installments falling due in April and May 2020.
 - KMIL would be presenting the post-dated cheques / actioning ECS or NACH -mandates etc., provided by the customers, for collection as per the respective due dates. Customers that are desirous of availing the relief under the RBI circular, should send a communication to KMIL within seven days (or extended date as may be permitted by KMIL) from their first due
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date falling on or after April 1, 2020 through a mail from their registered mail id to paylater.kmil@kotak.com. Customers, whose instrument so sent for collection is not cleared, will be deemed to have availed of the moratorium and necessary relief would be provided as per the RBI guidelines.

B. Common conditions for availing the policy:

- KMIL will take into account the stress on the borrowers on account of the pandemic.
- The borrower should not be under IBC proceedings.
- The borrower should not have been classified as willful defaulter/ RFA/ Fraud classified by KMIL or other lending institutions

C. Legal & documentation matters:

- Loan specific conditions may be laid down by KMIL for the above relief.
- In respect of concessions/reliefs granted under this policy, requisite documentation may be taken by KMIL, including through electronic form.
- KMIL may examine if any SBLC/corporate guarantee backed facilities require extension of the tenor of SBLC/ CG with due approval of the provider of such comfort which involve modification of their terms. Wherever required by KMIL, such approval shall be obtained upfront.

D. Validity of the policy:

This policy shall be valid up to 31st May 2020 or further period as may be extended by RBI.

E. Prudential norms:

- The moratorium/deferment granted to borrowers will not qualify as default on the part of borrowers for the purposes of supervisory reporting and reporting to credit information companies (CICs).
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- The relief given as above as per the special dispensation given by RBI will not result in any downgrade of asset classification.
- However, if there is an existing default like interest/principal due up to February 29, 2020, the usual asset classification and provisioning norms will apply.

F. Other Condition

- For Term loan facilities against Securities, moratorium can be availed subject to maintenance of margins / cover as per sanction conditions.
 - While this policy outlines the broad internal guidance that KMIL will follow to take decisions regarding moratorium, KMIL retains the discretion to take decisions regarding this policy depending on case specific issues or nuances. KMIL reserves the right to amend the policy within the framework of RBI regulations.
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