

## Policy for implementing COVID-19 – Regulatory Package

On March 27, 2020, RBI (via circular DOR.No.BP.BC.47/21.04.048/2019-20) announced certain regulatory measures to ease the burden of debt servicing caused by disruptions on account of COVID-19 pandemic to ensure continuity of viable businesses. There were further measures announced on 22<sup>nd</sup> May 2020. The following provisions have been made to comply with RBI regulations.

### 1. Rescheduling of Payments – Term Loans and Working Capital Facilities

- a) Term loans: Pursuant to this circular, JPMCB India is permitted to grant a six month moratorium on payment of all Term loan installments due between March 01, 2020 and August 31, 2020. The repayment schedule and residual tenor for such loans will be shifted across the board by six months after the moratorium period. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period. The interest accrued will be added to the outstanding loan amount and the repayment schedule for such loans as also the residual tenor, will be shifted across the board by six months after the moratorium period.
- b) Working capital facilities (incl. overdrafts): JPMCB India is permitted to defer interest on working capital facilities during March 01, 2020 to August 31, 2020. Such accumulated accrued interest shall be converted into a term loan, which shall be repayable by 31<sup>st</sup> March 2021.

### 2. Easing of Working Capital Financing

Where JPMCB India has given a working capital facility to a borrower which is now facing stress due to the economic impact of COVID-19, JPMCB India may recalculate the borrower's drawing power by reducing the margins and / or by reassessing the working capital cycle. However, any such relief will require the Bank to be satisfied that it is required on account of economic impact of COVID-19. In many such cases the detailed assessment of working capital cycle may not be available and the Bank will assess whether the client/industry has been impacted by COVID-19. The margins or reassessed working capital cycle maybe considered until 31<sup>st</sup> March 2021 after which it will revert to original levels as assessed. All such instances will be put up to the internal committee of the Bank for approval.

### 3. Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA)

- a) Any such moratorium/deferment/recalculation of the 'drawing power' will not be treated as concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower under Prudential Framework for Resolution of Stressed Assets Directions, 2019 (dated June 07, 2019). Consequently, such a measure, by itself, shall not result in asset classification downgrade.
- b) Asset classification of term loans granted (under 1(a)) shall be determined basis the revised due dates and the revised repayment schedule. Similarly, for working capital facilities where relief is provided (under 1(b) and 2 above), SMA and the out of order status shall be evaluated based on application of accumulated interest immediately after the completion of the deferment period i.e. on September 1, 2020 where applicable as well as the revised terms, as permitted in terms of paragraph 1(b) and 2 above.

Rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies by the Bank. There will be no penal interest charged on any such rescheduling/moratorium.

#### Approval framework for such relief requests by JPMCB India

- Borrowers who seek to avail the above mentioned rescheduling of payments or easing of working capital requirements will need to provide a formal request from their signatories (as authorized by board resolutions). Given the current situation, such requests will be considered if received on email. The requests should include reason for seeking any relief/rescheduling. The Bank may seek additional information from such borrowers as required to make an assessment of the same.

- The Bank will assess the underlying reason for why the relief is being sought by the borrower and if the borrower has been facing adverse economic impact due to CoVID-19 pandemic related disruption.
- Any requests for moratorium of instalments of term loans or deferment of interest on working capital facilities will not be unreasonably withheld by the Bank due to negative impact of the COVID-19 on business profile/operations of the borrowers.
- In accordance with RBI's guidelines, any borrowers which benefit from such relief would not be reported as SMAs for the prescribed time period by RBI.
- This policy is only for the period upto 31<sup>st</sup> August 2020.