Policy on RBI COVID-19 Regulatory Pakage

Objective:

In wake of the Covid 19 pandemic, 21 days lockdown has been announced in the country (ending April 14, 2020) and as a result the working of the companies will be severely affected. To address the difficulties being faced by the all the industries in the Country, Reserve Bank of India in its Press Release issued Statement of Development and Regulatory Policies released on March 27, 2020 where inter alia certain regulatory measures were announced to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses.

Basis the Circular RBI/2019-20/186 Ref No. DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 IFCI Factors Limited propose the following measures to be incorporated as the part of Board Approved Credit Policy.

1. Rescheduling of Payments : Term Loans and Working capital Finance

All term loans sanctioned by IFCI Factors Ltd. (IFL) shall be granted a moratorium of three months on payment of all installments (including principal and interest) 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. The Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period. The accumulated accrued interest shall be recovered immediately after the completion of this period.

Since the factoring facilities are of working capital nature, deferment of recovery of interest applied in respect of all such facilities during the period from March 1, 2020 upto May 31, 2020 ("deferment").

2. Easing of working capital financing:

In respect of the factoring facilities sanctioned, IFL shall recalculate the 'drawing power' by reducing the margins and/or by reassessing the working capital cycle. This relief shall be available in respect of all such changes effected up to May 31, 2020 and shall be contingent on the company satisfying itself that the same is necessitated on account of the economic fallout from COVID-19. Further, accounts provided relief under these instructions shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19.

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

Since the moratorium/deferment/recalculation of the 'drawing power' is 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 and will not result in asset classification downgrade.

The asset classification of term loans which are granted relief will be determined on the basis of revised due dates and the revised repayment schedule. Similarly, working capital facilities where relief is provided, the SMA and the out of order status will be evaluated considering the application of accumulated interest immediately after the completion of the deferment period as well as the revised terms.

The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies (CICs) by IFL

Wherever the exposure of the IFL to a borrower is `5 crore or above as on March 1, 2020, IFL will maintain an MIS on the reliefs provided to the borrowers which includes borrower-wise and credit-facility wise information regarding the nature and amount of relief granted.

Note: All the terms and conditions of the sanctioned facility will remain same except the above. Relief would be provided to all eligible clients at their request.