



Name	COVID 19 Stress Resolution Policy	Approved on	June 09,2021
Owner	Board of Directors	Valid For	VFS India
Issued By	Volvo Financial Services (India) Private Limited	Version 1.1	Page 1 (3)

## 1. Introduction

The Reserve Bank of India vide Notification No RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 on Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses dated May 5, 2021 and RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 on Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) dated May 05, 2021 and subsequent amendments thereto (hereinafter referred to as the “**RBI Circulars**”), has announced resolution framework to ease economic disruptions due to COVID 19 (hereinafter “RBI Circular”). RBI has further instructed the eligible Banks and Financial Institutions to formulate a Board approved policy for implementing the above notification

Accordingly, this COVID 19 Stress Resolution Policy (“Policy”) has been formulated with a view to provide a mechanism for providing relief to eligible borrowers in terms of the above RBI Notifications and any modifications thereof.

VFS shall provide this relief only via granting a moratorium termed as Moratorium 3.0 to eligible borrowers and this Policy details the framework for granting such moratorium to eligible borrowers.

## 2. Key terms of the Moratorium 3.0

- 2.1 This Moratorium 3.0 is available for Dealer Finance/Loan/ Financial Lease contracts as per the RBI Circulars
- 2.2 The borrowers must fulfil the eligibility criteria under the RBI Circulars or any modifications or amendments thereto
- 2.3 If borrowers have already paid their instalments or serviced their interest in April 2021, such borrowers can avail up to two months additional moratorium for instalments falling due in May and June 2021. VFS may decide to grant a Moratorium for a longer duration or extend the duration of a moratorium already granted under this Policy at a later date. However, any such decision shall be treated as an exception to the policy under paragraph 5.1.
- 2.4 VFS would be presenting the postdated cheques / NACH mandates, etc. provided by the borrowers, for collection as per the respective due dates unless informed in advance by the Borrowers that they wish to avail of Moratorium 3.0. Borrowers that are desirous of availing the relief under the RBI circular, should send a communication to VFS within two days (or extended date as may be permitted by VFS) from their first due date falling on or after May 1, 2021 through a mail from their registered mail id to [customercare@vfsco.com](mailto:customercare@vfsco.com)
- 2.5 Once a borrower approaches VFS with a request for Moratorium 3.0, VFS will evaluate the request based on many factors including but not limited to Criteria specified by RBI from time to time, customers stress due to the Covid 19 pandemic, seasoning of the loan, repayment track record, FMV of the underlying asset, financial situation, remaining tenure of the loan, , and any other conditions imposed by RBI Circular

(including modifications and subsequent RBI notifications on similar subject) etc. and if satisfied with the merits of the case, Moratorium 3.0 may be granted at the sole discretion of the company

- 2.6 Borrowers' repayment should be within 0 to 30 days past due as on April 30<sup>th</sup>, 2021
- 2.7 Subject to other conditions in the policy, the eligible borrowers will be offered up to 2 months payment holiday / moratorium of financial lease rental / EMI repayment for EMI / Financial Lease Rentals falling due between May 01, 2021 and June 30, 2021
- 2.8 These borrowers' Loan / Financial Lease tenure will be appropriately extended, and the EMI/Financial Lease rentals skipped during the moratorium will be paid at the end of the original tenure of Loan / Financial Lease in one or more installments
- 2.9 During this moratorium, the interest will continue to accrue on the principle outstanding at the same interest rate
- 2.10 The interest accrued during moratorium will be paid by the customer at the end of the original tenure of Loan / Financial Lease in one or more installments
- 2.11 There will be no change in the interest rate of the borrowers
- 2.12 There will no downgrade in asset classification of borrowers if the moratorium 3.0 is granted
- 2.13 VFS will be free to charge processing fee from the borrowers
- 2.14 The offer of moratorium and acceptance thereof may be communicated via physical documents or digital and electronic means such as Email/Digital Document/Physical Document/SMS etc.
- 2.15 The modification agreement, if any and other requisite documents for bringing the above into effect will be executed digitally or otherwise. If any physical Agreement/ document is executed, then the original copy will be collected within 30 days of the execution of modification agreement.

### **3. Restrictions**

The following categories of borrowers will not be eligible for the Moratorium program

- 3.1 Borrowers classified as willful defaulter/ RFA/ Fraud either by VFS or by any other Bank/ Financial Institution will continue to remain ineligible.
- 3.2 Borrowers where cases/litigations are pending before National Company Law Tribunal are ineligible for moratorium/deferment without express approval from NCLT.
- 3.3 Borrowers who are more than 30 days past due as on April 30<sup>th</sup>, 2021 will continue to remain ineligible
- 3.4 Borrowers under litigation in any Court or Tribunal will be ineligible but on case to case basis, VFS may consider such borrowers as an exception based on the criteria in 2.4 above and any other additional criteria such as future repayment potential, etc.
- 3.5 Borrowers who have availed either of the moratorium 1.0 or 2.0 or have restructured their contracts under the RBI master circular or under the resolution framework 1.0 announced by RBI dated August 6<sup>th</sup>, 2020



#### **4. Grievance Redressal Mechanism**

Any Borrower having any grievance related to the Moratorium 3.0 granted under this policy may get their grievance addressed through the existing customer grievance redressal mechanism of the Company and write a mail from their registered mail id to [customercare@vfsc.com](mailto:customercare@vfsc.com). In case if their Grievance is not addressed satisfactorily after 30 days, the Borrower may contact our Nodal Officer Shilpa Bhat at [Shilpa.bhat@vfsc.com](mailto:Shilpa.bhat@vfsc.com)

#### **5. Approving authority:**

- 5.1 VFS will take into account the impact of the pandemic and other factors as disclosed in this Policy while making this decision. Any exceptions to the Policy can be approved jointly by Managing Director, Head – Credit and Head – Finance and Operation.
- 5.2 Any modifications to this policy shall be approved by the Board of Directors
- 5.3 If there are any additional changes specified by RBI in the above referred circulars, this policy shall automatically stand amended to that extent without the requirement of a Board approval