

	COVID-19 – Regulatory Package Addendum_July20	Version: 1.2 Issue Date: Jul-2020	Approved by : HFCL Board
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Hero FinCorp Limited ("HFCL")

Policy on Relief to Borrowers Under COVID-19 Scenario - Addendum

A. BACKGROUND & REFERENCE

In line with Notification (RBI/2019-20/186 - DOR.No.BP.BC.47/21.04.048/2019-20 and RBI/2019-20/220 - DOR.No.BP.BC.63/21.04.048/2019-20) titled "COVID-19 – Regulatory Package" issued by the Reserve Bank of India (RBI) on March 27, 2020 and April 17, 2020 respectively, HFCL Board approved a policy laying down the framework within which HFCL would extend the said relief. This policy (titled "Policy on Relief to Borrowers under COVID-19 Scenario") was approved by the HFCL Board on April 3, 2020 and it detailed the scope and method in which moratorium would be granted to borrowers for payments falling due between the period March 1, 2020 and May 31, 2020; as well as aspects relating to asset classification, supervisory reporting and reporting to bureaus.

In continuation with the same, an addendum to the HFCL Board approved policy (titled "Policy on Relief to Borrowers under COVID-19 Scenario - Addendum") was subsequently approved by the Board on May 25, 2020 in furtherance to RBI Notification (RBI/2019-20/244 - DOR.No.BP.BC.71/21.04.048/2019-20) titled "COVID-19 – Regulatory Package" issued on May 23, 2020. The said Notification provided extended relief to borrowers for payments falling due between the period June 1, 2020 to August 31, 2020.

The current addendum seeks modification to the Policy approved by the HFCL Board on April 3, 2020 in the form and manner as detailed below.

B. MODIFICATION

1. Section C of the said Policy on "Implementation of the Relief Measures by HFCL", point 4 (a) reads as follows:

"All loan accounts that are standard as on March 1, 2020 are eligible for this relief. Applications will not be considered in respect of (i) accounts which are classified as willful defaulters or fraud cases, in each case prior to 1 March 2020; (ii) accounts where the borrower/ customer is under investigation by a Governmental investigative agency; (iii) accounts which have been recalled prior to 1 March 2020."
2. Sub clause (iii) of said Section is sought to be withdrawn – to enable extension of moratorium relief to borrowers who are "standard" as on March 1, 2020 – in line with the RBI's directions in the matter
3. Further, this modification is sought to take affect from the date of approval of the Board policy on the subject - taking cognizance of the fact that this category of borrowers too has been facing financial difficulties since the start of the pandemic in India and its resulting economic fallout.
4. The addendum to the Board approved policy, approved by the Board on May 25, 2020, makes a reference of the applicability of the guidelines of the main policy to the addendum as well. Hence, the modification too is sought to hold good for the addendum, as well as for any subsequent addendums that may be proposed to the main policy going forward.
5. All other guidelines of the main policy as well as the addendum remain unchanged and applicable.

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Ratification is requested for the borrowers (across retail and corporate finance portfolios) who had been issued Loan Recall Notice (LRN) at 60-89 DPD as a Standard Operating Procedure and were further given moratorium relief – given the submission that RBI guidelines on the matter permit moratorium relief to borrowers up to 89 DPD.

Such moratorium relief has been granted by the Company for payments due from these borrowers for the months of March 20 till July 20 (wherever moratorium has been granted till date).

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