



**POLICY FOR REFUND/ADJUST THE 'INTEREST ON INTEREST' CHARGED TO
THE BORROWERS DURING THE MORATORIUM PERIOD, I.E. MARCH 01, 2020
TO AUGUST 31, 2020'**

Laxmi India Finleasecap Private Limited

(Sapne dekho Bade Dekho Hamare Saath Unhe Pura Hote Hue Dekho)



A. Introduction

Laxmi India Finesecap Private Limited (“**Laxmi India**” or “**the company**”) is a private limited company incorporated under the provisions of Companies Act, 1956, existing under the provision of Companies Act, 2013 and registered as a non-deposit accepting Non-Banking Financial Company (NBFC) with the Reserve Bank of India (“**RBI**”).

The RBI, vide its circular no DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 and DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020 (“Covind-19 Regulatory Package”) and The company has accordingly given moratorium to eligible borrowers on basis of their request as well as suo moto basis during Mar 1, 2020 to Aug 31, 2020.

The RBI vide its circular no DOR.STR.REC.4/21.04.048/2021-22 dated April 07, 2021 for Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package and in continuance of judgment announced by Hon`ble Supreme Court in cash of small scale industrial manufacturers association Versus UOI & Ors. , the company frame worked the below policy to refund/adjust the interest on interest charged to the borrowers during the moratorium period i.e. March 01, 2020 to August 31, 2020 as per the methodology suggested by IBA on direction of RBI and in consultation with other industry peers.’

A. **ELIGIBLE ACCOUNTS:**

An eligible account should adhere all the below conditions:

1. Account where :
 - a. Where aggregate fund based outstanding from all lenders of Rs.2 Crs. and above where compound interest/interest on interest/ penal interest for non-payment/delayed payment was applied during moratorium, or
 - b. Where Aggregate fund based outstanding of less than Rs.2 Crs from all lenders where compound interest/interest on interest/penal interest for nonpayment/delayed payment was applied during moratorium and refund not provided under the Ex-gratia scheme due to whatever reasons
2. It may be of any nature of loan / working capital / trade products which had outstanding during the moratorium period
3. Account eligible for refund only if compound interest/interest on interest/penal interest as been applied during the moratorium period
4. Refund to be provided irrespective of whether moratorium was availed or not.

So all accounts to be taken into record which are eligible as per above criteria.

B. **CALCULATION METHOD:**



Here following methods are to be consider:

1. Daily outstanding balance to be reckoned for calculation of interest
2. Enhancement/fresh limit sanctioned and disbursed/reduction in limits subsequent to reference date i.e. 29.02.2020 and before 31.08.2020 will be reckoned for calculation of interest.
3. Repayments of interest and instalment in DL/TL accounts of borrowers during moratorium period shall be considered for working out the difference between simple and compound interest
4. Normal changes in the contractual interest rate due to changes in the underlying reference rate like MCLR, Base Rate etc. will be reckoned while calculating the interest.
5. Any penal interest rate on account of delay/non-payment of instalments/interest applied in a facility shall be excluded while calculating the outstanding balance as it is to be refunded.

C. EXTRA RESOLUTION

Here the company needs to consider the below points also:

- Accounts closed during moratorium period: interest on closed account will be calculated up to one day prior to the closure date.
- Overdraft in CC/OD/Account: Overdrawn component in CC/OD shall be reckoned for the benefit i.e. total outstanding to be reckoned.
- Interest certificate for Tax purpose: The Interest amount refunded relating to year 2020-21 to be reduced from the overall interest recovered in the account while giving the interest certificated as the actual reversal will happen only in the next financial year i.e. 2021-22.

In accordance with the said RBI circulars, Laxmi India has put in place this policy (“**Policy**”), approved by the board of Laxmi India (“**Board**”), for refund/adjust the ‘interest on interest’ charged to the borrowers during the moratorium period, i.e. March 01, 2020 to August 31, 2020’