

Fincfriends Private Limited
COVID-19 Policy
For implementation of regulatory measures & relief
announced by the RBI amid COVID 19

<u>Date of first release</u>	<u>6th April, 2020</u>
<u>Date of modification</u>	<u>23 May 2020</u>
<u>Date of next review</u>	<u>As may be required as per RBI notifications/ press releases</u>
<u>Approved by</u>	<u>Board of Directors</u>

A. BACKGROUND:

Corona virus*: Corona viruses are a large family of viruses which may cause illness in animals or humans. In humans, several coronaviruses are known to cause respiratory infections ranging from the common cold to more severe diseases such as Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS). The most recently discovered coronavirus causes coronavirus disease COVID-19.

Covid-19*: COVID-19 is the infectious disease caused by the most recently discovered corona virus. This new virus and disease were unknown before the outbreak began in Wuhan, China, in December 2019.

(*Source- FAQs of Government of Karnataka published on portal of Ministry of Health and Family Welfare)

B. REGULATORY PACKAGE:

In wake of COVID-19 and its associated impact on the economy, the Government has come up with some statutory and regulatory compliance relaxations. So has the Reserve Bank of India for Financial Institutions. It has vide its notification DOR.No.BP.BC.47/21.04.048/2019-20, dated March 27, 2020, issued details about the 'COVID-19 – Regulatory Package'. The copy of notifications is annexed as Annexure 1. The most impacting instruction of the regulatory package is the 'Rescheduling of Payments – Term Loans and Working Capital Facilities', which reads as below:

"In respect of all term loans (including agricultural term loans, retail and crop loans), all commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies) ("lending institutions") are permitted to grant a moratorium of three months on payment of all instalments¹ 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.

¹ Instalments will include the following payments falling due from March 1, 2020 to May 31, 2020: (i) principal and/or interest components; (ii) bullet repayments; (iii) Equated Monthly instalments; (iv) credit card dues.

Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period”.

THE CONTINUATION OF ‘REGULATORY PACKAGE’:

The RBI vide its press release date 22 May 2020, which is annexed to this policy, has issued ‘Statement on Developmental and Regulatory Policies’. Relevant ‘Measure’ to Ease Financial Stress, i.e. ‘Moratorium on Term Loan Instalments’ reads as follows:

“On March 27, 2020, the RBI permitted all commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies and micro-finance institutions) (referred to hereafter as “lending institutions”) to allow a moratorium of three months on payment of instalments in respect of all term loans outstanding as on March 1, 2020. In view of the extension of the lockdown and continuing disruptions on account of COVID-19, it has been decided to permit lending institutions to extend the moratorium on term loan instalments by another three months, i.e., from June 1, 2020 to August 31, 2020. Accordingly, the repayment schedule and all subsequent due dates, as also the tenor for such loans, may be shifted across the board by another three months.

The relief measure permitted to be allowed by the lending institutions, is an extension of the moratorium, earlier allowed by the RBI vide its notification DOR.No.BP.BC.47/21.04.048/2019-20, dated March 27, 2020, by another three months.

Loans issued after 1st March 2020, continue to be ineligible for the moratorium.

C. IMPLEMENTATION OF RELIEF MEASURES:

A. IMPLEMENTATION ITSELF:

- i) Even before the COVID 19, Fincfriends, in order to facilitate timely repayments and to ensure that Customer is not caused to any hardship, has been proactively offering settlement options and extension of loans (which is like a moratorium only), depending on some specified criteria
- ii) As a part of RBI’s ‘COVID-19 Regulatory Package’, Fincfriends notes that the RBI has permitted the Financial Institutions to grant moratorium to their customers. It is further noted that considering small ticket size loans that Fincfriends offers and the customer segment that it serves, the moratorium would be costly to its Customers and would add to their future financial burden.
- iii) Therefore, in the larger interest of the Customers, Fincfriends had started offering:
 - ✓ Waivers and discounts to its Customers
 - ✓ Opportunity to defer due date by opting for extensions while waiving off extension fee
- iv) Considering the loans availed by the customers after 1st March 2020 shall not be eligible for the moratorium allowed to be permitted by the lending institutions, Fincfriends is asking customers to expressly confirm their consent with regards to non-availability of any moratorium for loans availed post 1st March, 2020. Therefore customers are expected to exercise self-assessment when it comes to availing loans and ensuring that the repayments are serviced on time.

B. FACILITATION OF IMPLEMENTATION:

- v) Fincfriends has been maintaining requisite records for monitoring the issue and repayment of loans, which also covers monitoring nature and amounts and thus the relief granted
- vi) Fincfriends had much before the issuance of notification by the RBI, started taking actions on Business Continuity Planning and constituted a Core Working Group.
- vii) Fincfriends implemented Work From Home (**WFH**) Policy and in order to facilitate business operations, the Operations Team were allotted laptops on urgent basis. Due arrangements have been made to ensure safety of team as well as protecting business interests.
- viii) Fincfriends employees have now started operating out of office space also, while conforming to all guidelines as issued by Central and State governments.

D. BENEFITS:

- ✓ Cost effective/ deferment of repayment
- ✓ Helps reducing present and future financial burden of customer
- ✓ Timely repayments
- ✓ Continuance of circulation of money in economy

E. EFFECTIVE DATE AND VALIDITY:

Waivers and discounts, apart from those offered by Fincfriends in day to day business in normal conditions, considering the RBI regulatory packages were forthwith made effective from the date of notification, i.e. March 27, 2020. They shall be valid till May 31, 2020 or such further date as may have to be extended.
