

Fincfriends Private Limited
COVID-19 Policy version 2.0

Reg. Resolution Framework 2.0 – Resolution of Covid-19 related stress
of Individuals and Small Businesses

Date of first release	
Date of modification	NA
Date of next review	As and when may be required, as per RBI notifications/ press releases
Approved by	Board of Directors

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)*

The Reserve Bank of India vide notification no. DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 issued details about the 'COVID-19 – Regulatory Package' wherein inter-alia Reserve Bank of India permitted all 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.

Thereafter, the Reserve Bank of India vide its press release dated May 22, 2020 had issued 'Statement on Developmental and Regulatory Policies'. As per the Statement, in view of the extension of the lockdown and continuing disruptions on account of COVID-19, Reserve Bank of India permitted lending institutions to extend the moratorium on term loan instalments by another three months.

Further, the Reserve Bank of India vide its circular DOR. No. BP.BC/3/21.04.048/2020-21 dated August 6, 2020 on "Resolution Framework for COVID-19-related Stress" ("Resolution Framework – 1.0") had provided a window to enable lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as Standard, subject to specified conditions.

Now, the resurgence of Covid-19 pandemic in India in the recent weeks and the consequent containment measures to check the spread of the pandemic may impact the objective of financial

inclusion and create new uncertainties. With the objective of alleviating the potential stress to individual borrowers and small businesses, the Reserve Bank of India vide its circular DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 on Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses. This framework broadly in line with the contours of the Resolution Framework - 1.0, with suitable modifications.

B. OBJECTIVE OF THE POLICY

- a. To see if any resolution can be provided to any customer, considering their eligibility.
- b. To implement the resolution plan if the Company decides to offer.

C. ELIGIBILITY

The following borrowers who are classified as Standard as on March 31, 2021 shall be eligible for the window of resolution by the Company:

- a. Individuals who have availed of personal loans (as defined in the Circular DBR.No.BP.BC.99/08.13.100/2017-18 dated January 4, 2018 on “XBRL Returns – Harmonization of Banking Statistics”), excluding the credit facilities provided by the Company to their own personnel/staff.
- b. Individuals who have availed of loans and advances for business purposes and to whom the Company has aggregate exposure of not more than Rs.25 crore as on March 31, 2021.

D. DUE DILIGENCE CONSIDERATIONS

Company’s due diligence criterion for this purpose includes-

- a. The customer has capacity and willingness to pay as per resolution plan as agreed with him.
- b. The borrower should not be under any legal recovery proceedings as on the date of providing the resolution plan.
- c. The borrower should not have been classified as Wilful Defaulter/ Fraud classified by the Company or any other Financial Institutions including Banks.

The Company on receipt of a written request from the Eligible Borrower, shall evaluate the proposal for resolution plan including evaluation of necessary documents.

On due evaluation of the request submitted by the Eligible Borrower, the Company may provide, to the Eligible Borrower, a resolution plan as may be deemed fit By the Company, suitable to his credit exposure. After customer acceptance, necessary documents to be executed with the borrower to record the revised terms and implementation of viable resolution plan.

The Resolution Plan may vary for different borrowers depending upon their credit exposures, income groups, due diligence findings and other conditions as the Company may deem fit for evaluating an appropriate plan.

E. 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

B. FACILITATION OF IMPLEMENTATION:

- iv) 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.
- v) Fincfriends has a Business Continuity Plan in place which is revisited from time to time to ensure continuity of the business even during the times of Covid-19.
- vi) Fincfriends has an implemented Work From Home (**WFH**) Policy and due arrangements to ensure safety of team as well as protecting business interests.
- vii) Fincfriends employees are operating out of office space also, while conforming to all guidelines as issued by Central and State governments.

F. PERMITTED FEATURES OF RESOLUTION PLANS AND IMPLEMENTATION

Restructuring shall be executed in such way that the overall cap on moratorium and/ or extension of residual tenor granted under Resolution Framework – 1.0 and Resolution Framework – 2.0 combined, shall not be more than two years.

- The customers who are desirous of availing relief under Resolution Framework as per Reserve Bank of India circular, request in writing to Fincfriends on or before September 30, 2021 through the modes as mentioned in clause D of this Policy. Fincfriends shall evaluate the request as

mentioned above. Fincfriends shall communicate the final decision in writing to the customer within 30 days of the request.

- The documentation shall get modified with respect to the tenure as agreed by Fincfriends and the customer but not exceeding 2 years, including moratorium and / or extension of residual tenor granted under Resolution Framework – 1.0.
- The Resolution Plan shall be deemed to be invoked when Fincfriends and Customer agree to proceed towards finalising the resolution plan.
- However, the last date for invocation shall be 30 September 2021
- Moratorium and/or extension if any, will be implemented immediately from date of invocation.
- The resolution plan will be finalized and implemented within 90 days from the date of invocation of the resolution by the Customer.
- Compromise settlements will not be permitted as a resolution plan.
- Asset classification of the customers' account may be retained as 'Standard' and those who had slipped into NPA between invocation and implementation may be upgraded as 'Standard'.
- The credit reporting by the lending institutions in respect of borrowers where the resolution plan is implemented under Part A of this window shall reflect the "restructured due to COVID-19" status¹ of the account. The credit history of the borrowers shall consequently be governed by the respective policies of the credit information companies as applicable to accounts that are restructured.

G. BENEFITS:

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

H. TIME PERIOD TO INVOKE THE RESOLUTION BY THE BORROWERS:

The last date for invocation of resolution permitted by Reserve Bank of India under Resolution "*Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses*" is September 30, 2021.

I. GRIEVANCE REDRESSAL

- i. Fincfriends shall maintain quick turnaround time frames in handling and resolving the customer complaints.
- ii. In case of any complaints or grievances with respect to the resolution framework, the customers may approach the Company as suggested below:

Through Email: Customers can write to us at info@fincfriends.in.

Through Dashboard: Customers can raise complaints by logging in to their personal dashboard on website or mobile application.

Through letter or Post: Customers can write to us at 'UG-06, Metropolis Mall, M.G. Road, Gurugram-122002, Haryana'.

If the Customer is not provided a resolution within 15 days, he may contact the Grievance Redressal Officer as mentioned below:

Name: Mr. Amit Ramesh Vegad
Fincfriends Private Limited
UG-06, Metropolis Mall, M.G. Road, Gurugram-122002, Haryana

If the complaint is not addressed within a period of 1 month, the customer may further escalate to the Officer-in-Charge of the Regional Office of Department of Non-Banking Supervision of India as mentioned below:

The General Manager
Department of Non-Banking Supervision,
Reserve Bank of India,
10/3/8, Nrupathunga Road, Bengaluru-560001
Karnataka, India

J. MISCELLANEOUS

1. **Display on Website:** The Board approved policy will be hosted on the Company's website for our customer's information and benefit.
2. **Effective date:** This Policy shall be effective from the date of approval of this Policy by the Board.
3. **Review of Policy:** The Policy shall be reviewed as and when required by the applicable rules and regulations.

While Policy outlines the broad internal guidance that the Company will follow to take decisions regarding this restructuring of stressed assets/loan, the Company retains the discretion to take decisions regarding this Policy depending on case specific issues. The Company reserves the right to amend the Policy within the framework of Reserve Bank of India guidelines.
