

Moratorium Policy for Customer(s) on Deferment of EMI – COVID 19

Last reviewed on: May 26, 2021

Background and Objective

The ongoing COVID-19 crisis has not only created a worldwide health emergency but has also stressed the financial situation of individuals and businesses alike. While the Government has announced various relief packages, the Reserve Bank of India (“**RBI**”) has also announced relief measures for customers who are repaying loans of any kind, to tide over their financial difficulty in servicing the debts. Thus, the aim of this Policy is to extend relief to the customers of Fusion Micro Finance Private Limited (“**FMPL**”) based on permissions received as per RBI Guidelines on COVID-19 – Regulatory Package dated March 27, 2020 read with Statement on Developmental and Regulatory Policies issued from time to time in this regard.

RBI Policy Action: COVID-19 - Regulatory Package

RBI vide its circular DOR.No.BP.BC.47/21.04.048/2019-20 & Statement on Developmental and Regulatory Policies dated March 27, 2020 and May 22, 2020, has advised certain regulatory measures to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure continuity of viable businesses. Further, the statement sets out various developmental and regulatory policies that directly address the stress in financial conditions caused by COVID-19. In term of the said Circular this policy was framed and approved by the Board of Directors of the Company for providing the reliefs mentioned in the Circular to all eligible borrowers, inter alia, including the objective criteria for considering relief.

Moratorium policy for the Customers/Borrowers

1. ELIGIBILITY:

This policy shall apply to all the borrowers who are affected either by covid-19 pandemic or whose economic activities are affected because of the nation wide shut down and the Borrowers who have loan outstanding as of March 01, 2020.

2. MORATORIUM:

- a) All the borrowers shall be allowed for up to six months moratorium on payment of all unpaid instalments of all products offered by the Company, falling due by August 31, 2020. However, on the specific request of such borrower(s) who have already paid instalments after March 01, 2020, required adjustments shall be made so that moratorium is applicable for the remaining instalments till August 31, 2020.

Further, Borrowers also have an option for not to avail the moratorium and pay the dues, if any, and continue to pay installments on regular basis.

- b) The moratorium on all the products extended as Covid-19 package will end on August 31, 2020 unless and until further extension by the Board with regard to the above loans.

3. ACCRUED INTEREST:

- a) Interest shall continue to accrue on the outstanding portion of such term loan during the moratorium period at the same rate as contracted for the respective loan.

- b) The Company shall give option to the borrower, to collect absolute amount of interest accrued in the moratorium period upfront or proportionately over the residual tenor (with increased installments) or towards the last/additional installment with or/after loan closure.

4. ASSET CLASSIFICATION:

- a) The moratorium/deferment granted to borrowers will not be treated as concession or change in condition of terms and condition of loan agreement due to financial difficulty of the borrower and shall not result in asset classification down grade.
- b) Any Asset classification changes shall be determined on the basis of the revised repayment schedule and the revised due dates.

5. CREDIT INFORMATION COMPANY (CIC) REPORTING:

The moratorium/deferment granted to borrowers will not qualify as default on the part of borrowers for the purposes of supervisory reporting and for reporting to credit information companies (CICs).

6. OTHER CONDITIONS:

- a) All other terms and conditions of the respective loan shall remain unchanged and in full force and effect except for changes in tenor, repayment schedule, interest accumulated during the Moratorium Period and other necessary changes to accommodate moratorium request of the borrowers.
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