A. K. Capital Finance Limited
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CONSUMER AWARENESS

Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications issued via Reserve Bank of India Circular No. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021 ("IRACP Norms")

A. K. Capital Finance Limited **("AKCFL"/ "Company")** is a Middle Layer (Non-deposit taking) Non-Banking Financial Company **("NBFC")**. AKCFL is a prominent player in the debt market, offers multifaceted multitude of fee-based financial services, including funding, to its corporate and institutional clients, across various business sectors.

In order to increase awareness among the borrowers, below mentioned is for the consumer awareness, explaining with examples, the concepts of date of overdue, Special Mention Account **("SMA")** and Non-Performing Asset **("NPA")** classification and upgradation, with specific reference to day end process.

Date of overdue and Overdue Amount

Due date is the date of payment of interest/ principal mentioned in the loan documents. Accordingly, date of overdue means the date on which a loan account will be classified as SMA on account of non-receipt of payment.

Example - If due date for making the payment is November 29, 2023, and full dues are not received before the Company runs the day-end process on November 29, 2023, the date of overdue shall be November 29, 2023.

Further, if an amount is not paid on the due date fixed, the same shall be treated as overdue as per IRACP Norms.

Special Mention Account ("SMA") and Non-Performing Asset ("NPA") classification

The Company will classify an account as SMA or NPA if the default subsists at time of running its day-end process.

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The classification as specified in IRACP Norms is as follows:

Loans other than revolving facilities		**Loans in the nature of revolving facilities like cash credit/ overdraft**	
SMA Sub-categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue	SMA Sub-categories	Basis for classification – Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of
SMA-0	Upto 30 days	-	-
SMA-1	More than 30 days and upto 60 days	SMA-1	More than 30 days and upto 60 days
SMA-2	More than 60 days and upto 90 days	SMA-2	More than 60 days and upto 90 days

Illustration with respect to SMA/ NPA Classification:

(i) Repayment date with respect to the loan facility falls on March 31st, and the relevant outstanding amount payable on such date is not received in full on such repayment date, before the running of the day-end process by the lender, then the date of overdue shall be March 31st.

(ii) If the Loan continues to remain overdue, then the loan account shall be tagged as SMA-1 upon running day-end process on the 30th day from March 31st i.e. upon completion of 30 days of the Loan being continuously overdue. Accordingly, the date of SMA-1 classification for that account shall be 30th April.

(iii) Further, if the Loan continues to remain overdue after the SMA-1 classification, it shall be tagged as SMA-2 upon running day-end process on the 60th day from March 31st i.e. on 30th May.

(iv) In the event of the Loan continues to remain overdue, it shall be classified as NPA upon running day-end process on the 90th day from March 31st i.e. on 29th June.

Upgradation of Loan Account classified as NPA

Any loan account classified as 'NPA' may be upgraded as 'Standard Asset' only if the entire arrears of interest and principal are paid by the Borrower.

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Further, in case of borrowers, having more than one credit facility from the Company, loan accounts shall be upgraded from 'NPA' to 'Standard Asset' category only upon repayment of entire arrears of interest and principal pertaining to all the credit facilities.

For any clarification/ queries, you may contact using the link: https://www.akgroup.co.in/investor-relation.

The examples quoted herein are illustrative and not exhaustive in nature and also relate to general scenarios. The IRACP Norms and clarifications issued by RBI, from time to time, will prevail for implementation.