A. K. CAPITAL FINANCE LIMITED

BUILDING BONDS

FAIR LENDING POLICY

Adopted/ Amended	Board Meeting Date(s)
Adopted	February 03, 2024
Amendment	May 17, 2025

Last reviewed on May 17, 2025

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Introduction:

Reserve Bank of India vide its Circular dated August 18, 2023 on Fair Lending Practice - Penal Charges in Loan Accounts has directed all Regulated Entities (**REs**) to ensure reasonableness and transparency in disclosure of penal charges and issued instructions. Accordingly, A. K. Capital Finance Limited has framed and adopted this Fair Lending Policy of the Company covering key aspects of penal charges or similar charges on loans granted by the Company.

Applicability and Objective:

This Policy shall be applicable to the loans and advances sanctioned by the Company including top-up loans as well as portfolio taken on book under Direct Assignment or any such other arrangement.

The objective of the Company by implementing FLP is to strictly follow fair practices while levying penal and other charges and not to deviate from the intent of RBI i.e., to inculcate a sense of credit discipline in borrowers and to not use such charges as a mode of revenue enhancement tool over and above the contracted rate of interest.

Definition:

a. **"*Act*"** means the Reserve Bank of India Act, 1934, as amended from time to time.

b. **"*Board*"** means Board of Directors of the Company.

c. **"*Company*"** means A. K. Capital Finance Limited.

d. **"*Mechanism*"** means Grievance Redressal Mechanism of the Company, as amended from time to time.

e. "***Policy***" or "***FLP***" means Fair Lending Policy, as amended from time to time

f. **"*RBI*"** means Reserve Bank of India.

Words or phrases not defined above or anywhere in this Policy shall have same meaning ascribed to them under the Act or circulars notified by RBI from time to time.

Wherever appropriate in this Policy, a singular term shall be construed to mean the plural where necessary and a plural term the singular. Similarly, any masculine term shall also be construed to mean the feminine or any other gender and vice versa.

Penal Charges Model:

The penal charges shall be levied on the basis of number of days the amount is overdue and on the overdue amount. These penal charges are fixed in nature and shall be applicable for each default event. These penal charges charged to the customer/ clients are on the basis of loan amount, moratorium period, security offered etc. The penal charges will be clearly communicated to the client/ customer in their respective sanction Letter/ term sheet. The penal charges could vary in the range of 1%-3% per month, depending upon loan tenor, loan structure, credit risk, prevailing market practices and such other relevant factors. The Company shall further have right to settle the penal charges at lower rates or waive-off the same in full or part as per authorisation matrix of the Company.

Fair Practices:

a. A prospective customer would be given all the necessary information adequately explaining the loan products available with our Company to suit his needs.
b. To provide assistance or advise to customers in relation to loan, as may be sought.
c. The customer would be explained the processes for loan sanction and disbursement and would be informed of timeframe within which all the processes will be completed.
d. The customer would be informed about the procedure involved in servicing and closure of the loan taken.
e. Penalty for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and not of 'penal interest' i.e., added to the rate of interest charged.
f. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges.
g. No additional component shall be introduced to the rate of interest.
h. The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan/ product category.
i. The Company will disclose the quantum and reason for penal charges in the loan agreement/ documents and most important terms & conditions/ Key Fact Statement (KFS) as applicable, in addition to being displayed on the website.
j. Penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.

k. Along with the reminders for non-compliance of material terms and conditions of loan sent to borrowers, the applicable penal charges shall be communicated.

l. Any instance of levy of penal charges and the reason therefor shall also be communicated.

m. To not discriminate on the basis of religion, caste, sex, descent or any such other grounds.

n. To provide customers with accurate and timely disclosure of terms, costs, charges, rights and liabilities with respect to any loan transactions.

o. Shall convey in writing to the borrower in the language as understood by him the amount of loan sanctioned, rate of interest and other terms and conditions (including applicable penal charges for late repayments) and keep the acceptance of these terms and conditions by the borrower in its records.

Grievance Redressal:

The Company is having Grievance Redressal Mechanism in place and the details regarding the point of contact, modes of filing a complaint, escalation matrix, etc. is forming part of the said mechanism available at https://www.akgroup.co.in/investor-relation.

Disclosures/ Display:

This policy is available on the website and can be accessed at https://www.akgroup.co.in/investor-relation.

In addition to the above, Interest Rate Policy is also available on the above mentioned link.

Review/ Amendments:

Any amendment in this policy shall be approved by the Board of Directors on the recommendation of Committee, if any. Further, the Board may also review this policy as and when required.

In the event of any conflict between the provisions of this Policy and the Act or any other statutory enactments, the provisions of such Act or statutory enactments shall prevail over this Policy. An interim review and amendment can also be carried out to accommodate minor changes, if any, on regulatory and operating front by the Compliance Officer of the Company.

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