A. K. Capital Finance Limited

Policy on Moratorium/ Deferment of Interest – COVID 19

March 2020

Version - 1

1. Preface

The World Health Organization recently declared COVID 19 to be a pandemic. Like some of the other countries in the World, the virus' impact has led the Indian Government to announce a lockdown across the country, to restrict it from spreading further. As a result, the country's economy is impacted leading to delay in cash flows for the business & self-employed and salary credits for the salaried segments. This has a direct impact on loan repayments as well.

In view of above, The Reserve Bank of India (RBI) vide its Notification No. RBI/2019-20/186 DOR.No.BP.BC.47/ 21.04.048/2019-20 dated March 27, 2020 is issued Regulatory Package on CONVID - 19 Global epidemic and directed all banks, NBFC and Financial institution to implement the same to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses.

A. K. Capital Finance Limited ("AKCFL" or "Company"), offers a bouquet of lending products to its clients. To comply with the above regulatory directives as cited above and the good governance practice, the Company has adopted the following policy to implement the relaxation and relief issued by RBI in regulatory package.

2. Details of Reliefs Eligible:

2.1. Term Loan:

The Company is authorized and permitted to grant a moratorium to all borrowers of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020 (up to 3 months) In respect of all term loans (including retail loans).

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; and

(iii) Equated Monthly instalments.

The repayment schedule for such loans as also the residual tenor, will be shifted across the board by equivalent number of months for which the moratorium is availed subsequent to the end date of the moratorium period.

Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period and the same shall be capitalized.

2.2. Working Capital Facilities:

Interest payment will be deferred by up to 3 months on the request of the borrower. The accumulated accrued interest shall be recovered immediately after the completion of this period.

2.3. **Asset Classification and impact of Concession:**

The asset classification of term loans which are granted relief as aforesaid shall be determined on the basis of revised due dates and the revised repayment schedule. Similarly, working capital facilities where relief is provided as aforesaid, the SMA and the out of order status shall be evaluated considering the application of accumulated interest immediately after the completion of the deferment period as well as the revised terms, as permitted in terms of detailed above.

Moratorium/deferment is provided to borrower will not be treated as concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower under paragraph 2 of the Annex to the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated June 7, 2019 ("Prudential Framework"). Consequently, such a measure, by itself, shall not result in asset classification downgrade.

The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies (CICs), CRILIC and any other regulatory authority/ Credit institution by the Company.

The Company shall develop and maintain MIS on the reliefs provided to its borrowers as on March 31, 2020 which shall *inter alia* include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted.

3. Borrowers eligible for moratorium/deferment:

Borrowers satisfying following criteria would be eligible to seek for EMI moratorium/interest deferment:

a) Borrowers who have availed term loan(s) and/or working capital facility(ies) and are undergoing stress and cash flow constraints owing to the current situation on account of COVID-19.
b) Standard Accounts in our books as on 29th February 2020 including accounts with over dues and under default upto three instalments.
c) The account must not have been written-off from the books of Company at end of the month preceding the month in which moratorium/deferment is requested for.
d) The Borrowers must submit consent for terms and conditions governing the moratorium and for the revised repayment schedule.

Please note National Company Law Tribunal (NCLT)/Insolvency & Bankruptcy Code (IBC) cases are not eligible for moratorium/deferment without express approval from NCLT/IBC.

Note: Borrowers willing to avail the above-mentioned relief shall communicate their willingness to the Company in writing.

4. Applicability of the Policy:

This Policy shall be applicable to the Term Loans and/or Working Capital Facilities granted by the Company.

5. Revision:

Any revision in this Policy shall be decided by the Investment and Credit Committee and Risk Management Committee and shall, subsequently, be presented to the Board of Directors of the Company for its approval/noting. Any subsequent amendment/modification in the RBI Guidelines and/or applicable laws in this regard shall automatically apply to this Policy.

6. Implementation:

This Policy shall be effective from March 01, 2020:

Version	Adopted/Review of the Policy	Board Approval Date
1	Adoption of the Policy	April 01, 2020