A. K. Capital Finance Limited

Policy on Moratorium/ Deferment of Interest/Principal – COVID 19

May 2020

Version 2

1. Preface

The Reserve Bank of India (RBI) vide its Notification No. RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020 has issued a further Regulatory Package on COVID -19 as the intensification of COVID-19 disruptions has imparted priority to relaxing repayment pressures and improving access to working capital by mitigating the burden of debt servicing, prevent the transmission of financial stress to the real economy and has directed all banks, NBFC and Financial institution to implement the same.

2. Rescheduling of Payments – Term Loans and Working Capital:

2.1. Term Loan:

The Company is authorized and permitted to extend the moratorium by another three months i.e. from June 1, 2020 to August 31, 2020 on payment of all instalments in respect of term loans.

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 after the completion of this period.

The Company shall, at its discretion convert the accumulated interest for the deferment period up to August 31, 2020, into a funded interest term loan (FITL) which shall be repayable not later than March 31, 2021.

In respect of working capital facilities sanctioned to borrowers facing stress on account of the economic fallout of the pandemic, the Company may, as a one-time measure review the sanctioned limits on the basis of the credit evaluation criteria as laid down in the Credit Policy of the Company.

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. Implementation:

Version	Adopted/Review of the Policy	Board Approval Date
1	Adoption of the Policy	April 01, 2020
2	Amendment of the Policy	May 25, 2020