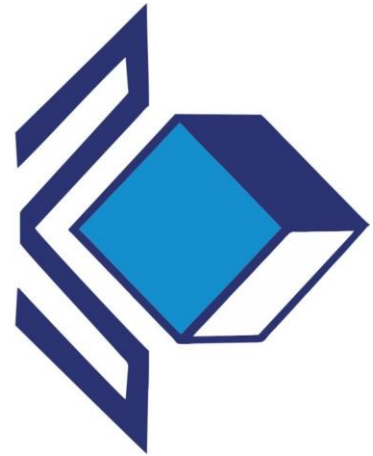


KHUSHBU
AUTO FINANCE LTD.



**MORATORIUM POLICY TO BORROWERS DUE TO
FINANCIAL DISTRESS CAUSED BY COVID-19**

Introduction:

The RBI vide its circular RBI/2019-20/186 - DOR No.BP.BC.47/21.04.048/ 2019-20 dated March 27, 2020 inter-alia announced certain regulatory measures to mitigate the burden of debt servicing brought about by disruptions on account of the COVID 19 pandemic and to ensure the continuity of viable business, issued instructions to the regulated entity. The Board of directors of the company have considered the same.

Through this document, the Company has proposed moratorium to customers for the purpose the mitigating and facilitating the financial stress and distress faced caused to borrowers of the company by COVID-19.

Rescheduling of Payments – Term Loans and Working Capital Facilities

In respect of all term loans, all commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies) (“lending institutions”) are permitted to grant a moratorium of three months on payment of all instalments viz. (i) Principal and/or interest components; (ii) bullet repayments; and (iii) Equated monthly Installments, falling due between March 1, 2020 and May 31, 2020. The repayment schedule for such loans as also the residual tenor, will be shifted across the board by three months after the moratorium period. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.

Other Conditions:

- I. The Company shall give moratorium for the installments falling due between March 1, 2020 and May 31, 2020 in respect of any type of term loans, to its borrower; and decision for the same will be taken by the Board of directors on a case to case basis.
- II. As per RBI Guidelines, there is no waiver on interest therefore the company shall add this due interest amount in the outstanding loan amount, giving effect of increase in EMI / Increase in tenor (as per request of customer).
- III. Company shall communicate to the customers through text messages, whats up number telephone or email on how to avail the moratorium benefit.

- IV. As the moratorium policy adopted by the company is on voluntary policy, the customer who does not opt for this scheme, will be considered as agreed for debit of EMI in regular course and does not want to avail the benefit of this scheme.
- V. The borrowers who are requesting for moratorium/deferment will be informed about financial implications of such moratorium/deferment including the applicable interest on such action.
- VI. In respect of the borrowers adopting moratorium benefits, the repayment schedule for such loans as also the residual tenor will be shifted across the board by three months after the moratorium period.
- VII. The above changes made to the terms of the loan agreement is specifically done to tide over the cash flow arising out of the COVID-19 pandemic. Hence these are not treated as a restructured loan and shall form part of the original loan agreement.
- VIII. The moratorium/deferment/recalculation will not be treated as concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower under regulations of RBI, Accounting standards, any applicable regulation and thus shall not result in asset classification downgrade. The asset classification of term loans which are granted relief shall be determined on the basis of revised due dates and the revised repayment schedule.
- IX. The deferment of payment shall not be considered as a default in statutory reporting and sharing of information to credit information companies.
- X. The borrowers who have availed the moratorium facility have deemed to agree to the terms and conditions of the moratorium policy.
- XI. This policy shall be displayed on the website of the Company www.kafl.co.in

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