

KKR India Asset Finance Limited
COVID 19 Policy

March 2020

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1. Introduction

KKR India Asset Finance Limited (earlier known as KKR India Asset Finance Private Limited) (**'KIAF'** or **'the Company'**) is a systematically important nonbanking finance company (**'NBFC'**) operating under the Reserve Bank of India (**'RBI'**) regulations and its activities are governed by Indian laws and RBI regulations.

In view of the COVID-19 pandemic, the Monetary Policy Committee (**'MPC'**) constituted by the Central Government undertook an evaluation of the current and evolving macroeconomic and financial conditions. Basis the recommendations of the MPC, a Statement on Developmental and Regulatory Policies was made by the Governor of the RBI on 27th March, 2020 and Circular No.DOR.No.BP.BC.47/21.04.048/2019-20 was issued thereafter (**"RBI Policy"**).

With the intention of inducing liquidity into the economy, the RBI Policy has permitted certain lending institutions to allow a moratorium of upto three (3) months on payment of instalments in respect of term loans and specified working capital facilities (i.e., cash credit and overdraft facilities). The objective of this COVID 19 Policy (**'Policy'**) is to lay down guiding principles to implement these measures set out in the RBI Policy.

The Policy should be read in conjunction with other board approved policies, as follows:

- Interest Rate Policy;
- Compliance Policy;
- KYC and Anti Money Laundering Policy;
- Fair Practice Code;
- Local Investment Policy;
- Loan Policy;
- Demand Call Loan Policy;
- Liquidity Risk Management Policy; and
- Governance Policy.

All officials are expected to adhere to this Policy. In the event any exceptions are required, the same should be suitably documented and would need to be approved by relevant delegation holders.

In the event this policy is at variance with RBI regulations at any stage due to omissions, clarifications or changes in RBI regulations, the RBI regulations would prevail. If any clarifications are needed on RBI regulations, the same must be referred to the Compliance Team / Officer for its final opinion on the issue.

2. Repository Review

Compliance Department would be the repository of this Policy and will review the same as and when the need arises. This document is meant for internal use only and must not be shared with anyone without clearance of the Compliance Department. The policy will be presented to Board of Directors (**'Board'**) for their approval.

3. Scope

This Policy applies to repayment of instalments (which includes (i) principal and/or interest components; (ii) bullet repayments; and (iii) equated monthly instalments) relating to term loans and repayment of unrated unlisted Non-Convertible Debentures (NCDs) (collectively referred to as **"term loan"**) that remain unpaid as on date of this policy. A **"term loan"** shall mean a loan which is repayable after a specified period. Therefore, any loan which has been granted for a specified period (as identified in the relevant loan agreement/ sanction letter) would be treated as a term loan for the purposes of this Policy.

In accordance with the RBI Policy, the Company has the discretion to permit (a) a moratorium/ temporary suspension of upto 3 months for payment of all instalments including interest relating to term loans falling due in the period 1 March 2020 – 31 May 2020 ('Specified Period'); and (b) a corresponding extension in the residual tenor of the term loans.

4. Approving Authority

In line with the prevailing regulations, the Board is empowered to further delegate the decision of approving the moratorium/temporary suspension to senior officials. Accordingly, to ensure approvals are granted in a timely manner with due considerations to internal factors, the Chief Executive Officer ("CEO") and any one other director shall jointly approve the requests for moratorium.

5. Eligible Borrowers

On a specific request for suspension of payments being made by a borrower, each request shall be considered on a case to case basis. Some conditions or parameters that would be considered for determining eligibility for this moratorium are as under:

- i. Robustness of the justifications provided by the borrower of the impact of Covid 19 on the present financial position and liquidity conditions of the borrower during the Specified Period;
- ii. Nature of business is such that the pandemic has had a direct impact on the present financial position of the borrower; and
- iii. Declarations and representations from the borrower as considered necessary by the Company including preservation of rights under the loan agreement etc.

6. Scheme Operation

It is hereby clarified that interest on term loans would continue to accrue during the payment moratorium period. The accrued interest during this period will be added to the Principal amount and be paid over the remaining tenor of the term loan as per the repayment schedule agreed between the Company and the borrower. The loan instalment would be pushed out by 3 months or shorter periods as agreed with the borrowers.

Any cash that is collected from sales receivables would be used for the project / prepayment of loan. Use of the collections should be approved by the CEO.

7. Asset Classification

In accordance with the RBI Policy, the extension of the term loan instalment will not by itself be categorized as a restructuring on account of "financial difficulties of the borrower" or result in a downgrade in asset classification of the underlying term loan. However, a borrower who has already defaulted on loan installments falling due before 1st March 2020 would continue to be classified as SMA or NPA in line with the RBI regulations.