

NOTICE TO CUSTOMERS

Dear customers,

The Reserve Bank of India (“RBI”) has vide its notification DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020, permitted lending institutions to (i) grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020 as regards term loans and (ii) defer the recovery of interest during the period from March 1, 2020 up to May 31, 2020 as regards working capital facilities sanctioned in the form of cash credit/overdraft.

Further, in respect of working capital facilities sanctioned in the form of CC/OD to borrowers facing stress on account of the economic fallout of the pandemic, lending institutions may recalculate the ‘drawing power’ by reducing the margins and/or by reassessing the working capital cycle. This relief shall be available in respect of all such changes effected up to May 31, 2020 and shall be contingent on the lending institutions satisfying themselves that the same is necessitated on account of the economic fallout from COVID-19. Further, accounts provided relief under these instructions shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19.

Lending institutions are required under the aforesaid notification to frame Board approved policies for providing the above-mentioned reliefs to all eligible borrowers. Accordingly, Northern Arc Capital Limited (“Northern Arc”) has framed a policy to provide such reliefs to its customers impacted by COVID-19 at its sole discretion on a case to case basis. The process for applying for moratorium/deferment in terms of the said board approved policy is set out below.

Credit facilities of customers whose ability to pay debt has been temporarily impacted solely by the outbreak of COVID-19 are intended to be covered by the aforesaid policy. Northern Arc shall be entitled to require such information as it may deem fit to process the request for moratorium/deferment.

Financial institutions, corporates, and small and medium enterprises which have availed any term loan or structured credit line from Northern Arc may contact their relationship manager at Northern Arc to make a request for grant of moratorium/deferment. Retail customers who have availed loans prior to March 1, 2020 from Northern Arc through other lending institutions or direct origination service providers (“Servicer”) may send an email to such Servicer with a copy marked to DO.Operations@northernarc.com requesting grant of moratorium. Such requests will be processed as per the internal criteria of Northern Arc framed separately for each loan product type and/or the loan origination arrangement with respective Servicer.

It is clarified that interest will continue to accrue on the amounts outstanding under the credit facilities, including accrued but unpaid interest for the period of moratorium/deferment at applicable rate. Penal interest will not be charged on account of grant of moratorium/deferment.