

CONSUMER EDUCATION

As per the RBI's Clarification on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated November 12, 2021, Siemens Financial Services Private Limited ("the Company") shall classify borrower accounts as overdue, SMA / NPA and further upgrade such accounts as follows:

1. **Date of Overdue:** A borrower account will be flagged as an overdue account as a part of the Company's day-end processes for the due date, irrespective of the time of running such processes.

2. Special Mention Account (SMA) and Non-Performing Asset (NPA) classification:

Classification of borrower accounts as SMA as well as NPA shall be done as part of day-end process for the relevant date, and the SMA or NPA classification date shall be the calendar date for which the day end process is run. In other words, the date of SMA/NPA shall reflect the asset classification status of an account at the day-end of that calendar date.

The basis for classification of SMA categories shall be as follows:

Loans other than revolving facilities		Loans in the nature of revolving facilities like cash credit/overdraft	
SMA Sub-Categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue	SMA Sub-Categories	Basis for classification – Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of:
SMA-0	Upto 30 days	SMA-0	-
SMA-1	More than 30 days and upto 60 days	SMA-1	More than 30 days and upto 60 days
SMA-2	More than 60 days and upto 90 days	SMA-2	More than 60 days and upto 90 days

Examples:

Date of Overdue: If due date of a loan account is March 31, 2021, and full dues are not received before the Company runs the day-end process for this date, the date of overdue shall be March 31, 2021

SMA-1 Classification: If the account continues to remain overdue, then it shall get tagged as SMA-1 upon running day-end process on April 30, 2021 i.e. upon completion of 30 days of being continuously overdue. Accordingly, the date of SMA-1 classification for that account shall be April 30, 2021.

SMA-2 Classification: Similarly, if the account continues to remain overdue, it shall get tagged as SMA-2 upon running day-end process on May 30, 2021.

NPA Classification: If it continues to remain overdue further, it shall get classified as NPA upon running day-end process on June 29, 2021.

3. Upgradation of accounts classified as NPAs

Once a borrower account is classified as an NPA, it may be upgraded as a "standard asset" only if the entire arrears of interest and principal are paid by the borrower at the time of running the day-end process of that particular date. With regard to upgradation of accounts classified as NPA due to restructuring, non-achievement of date of commencement of commercial operations (DCCO), etc., the aforementioned instructions shall continue to be applicable.

For further information on RBI's Consumer Education and Protection, you can visit their website using the below weblink:

https://www.rbi.org.in/scripts/FS_Overview.aspx?fn=2745
