CUSTOMER EDUCATION LITERATURE ON SMA/NPA

Siemens Factoring Private Limited
Regd. Office: Birla Aurora Tower, Level 21, Plot No. 1080, Dr. Annie Besant Road, Worli, Mumbai - 400030
Ph: +91 22 6251 7000 / 2191
E-mail: info.sfs.in@siemens.com
Website: www.siemens.co.in/finance
CIN: U67200MH2017PTC295013

1. Introduction

Pursuant to the Reserve Bank of India (RBI) guidelines on "Prudential norms on Income Recognition, Asset Classification, and Provisioning pertaining to Advances – Clarifications" as notified vide circulars dated November 12, 2021, and February 15, 2022, the RBI has clarified the concepts of Overdue dates, Special Mention Account (SMA), and Non-Performing Asset (NPA) classification and upgradation of accounts to ensure uniformity across all lending institutions.

2. Objective

To increase awareness among borrowers of Siemens Financial Services Private Limited, this document explains the concept of SMA and NPA-related provisions for easy understanding. The latest RBI guidelines and internal policies of Siemens Financial Services Private Limited shall prevail for implementation.

3. Meaning of Overdue Account

An account is classified as "Overdue" if any payment due to Siemens Financial Services Private Limited is not received by the due date agreed upon in the loan contract.

4. What is Days Past Due (DPD)?

Days Past Due (DPD) represents the number of days an account remains overdue.

5. What is a "Current" Loan Account?

A loan account is considered Current if all payments are made on time (0 DPD).

6. What is SMA & What is NPA?

SMA/NPA Category	Basis for Classification (Overdue Days)
SMA-0	1–30 days overdue
SMA-1	31–60 days overdue
SMA-2	61–90 days overdue
NPA	More than 90 days overdue

7. Upgradation from NPA Status

A loan account classified as NPA can be upgraded to Standard only if all overdue amounts (principal + interest) are cleared in full.

8. Consequences of NPA Classification

If an account is classified as NPA, the borrower may face the following consequences:

1. Frequent reminders via calls, SMS, and notices.
2. Loan recall, demanding full repayment.
3. Recovery visits by representatives.
4. Legal action, including police complaints.
5. Negative impact on credit score, reducing future loan eligibility.

9. How to Restore an NPA Account?

To remove NPA status, borrowers must repay all overdue amounts in all loan accounts with Siemens Financial Services Private Limited.

10. Tips to Maintain a "Current" Account

- Ensure sufficient funds before the EMI due date.
- Set up auto-debit for timely payments.
- Contact customer care if EMI is not debited on time.