

Annexure I
STANDARD TERMS AND CONDITIONS FOR FACILITIES AGAINST GOLD AND GOLD ORNAMENTS

(Standard Terms)

I. DEFINITIONS

1. **"Account"** means the Borrower's account held with DBS Bank.
2. **"KFS"** means a clear, concise, one-page key fact statement/fact sheet of the loan availed by the borrower
3. **"Assets"** shall mean the gold ornaments or coins, of not less than 18 carats, as described in the Inventory cum Appraiser Certificate, offered or caused to be offered as security in favour of DBS Bank India Limited. (**"DBS Bank"**) and includes references to Additional Security.
4. **"Borrower"** shall mean the applicant to whom the Facility has been granted by DBS Bank and shall include his / her legal heirs, legal representatives, executors, administrators and permitted assigns.
5. **"Borrower's Dues"** means and includes the EMI/EQI outstanding principal amount of the Facility, interest, all fees, costs, charges, expenses, stamp duty and all other monies whatsoever, payable by the Borrower.
6. **"Due Date"** means the date on which any amounts in respect of the Borrower's Dues fall due, as may be specified in the Transaction Documents or as specified in any demand notice issued by DBS Bank at any time, whichever is later.
7. **"Equated Monthly Instalments (EMIs)/Equated Quarterly Instalments (EQI)"** means the amounts required to be paid by the Borrower to DBS Bank to repay the Borrower's Dues in accordance with the Repayment Schedule.
8. **Monthly Interest means** Interest amount to be paid by borrower to DBS Bank every month on or before demand date as per Repayment Schedule.
9. **Quarterly Interest means** Interest amount to be paid by borrower to DBS bank quarterly on or before demand date as per Repayment Schedule.
10. **"ECS"** means the electronic clearing services, notified by the RBI from time to time, being mode(s) of electronic funds transfer from one bank account to another bank account using the services of a clearing house or any other platform or mechanism duly authorized in this regard including without limitation the National Automated Clearing House (NACH) operated by National Payments Corporation of India.
11. **"ECS Mandate"** means the mandate required to be provided by the Borrower to DBS Bank to enable DBS Bank to afford credit to its accounts through ECS.
12. **"Facility"** means the amount of loan provided or agreed to be provided by DBS Bank to the Borrower, not exceeding in the aggregate, the amount specified in the Sanction Letter.
13. **"Repayment Schedule"** shall mean the dates on which repayment of the principal of the Facility with Interest is to be made by the Borrower. The Repayment Schedule shall be provided by DBS Bank to the Borrower prior to the first Due Date, which Repayment Schedule may be amended and modified by DBS Bank, in its sole discretion, from time to time.
14. **"Transaction Documents"** include the Application Form, Sanction Letter, MITC, Key Facts Statement, Repayment Schedule, Standard Terms and all writings and other documents executed or entered into, or to be executed or entered into, by the Borrower or any other person(as the case may be), in relation, or pertaining, to the Facility and each such Transaction Document as amended from time to time.

II. FACILITY, DISBURSEMENT AND MARGIN

1. The Facility amount sanctioned to the Borrower shall be subject to the value of the Assets provided as Security and the security margin specified by DBS Bank, from time to time. Subject to the terms and conditions of the Transaction Documents, the Facility may be disbursed/ permitted to be drawn down by any of the following modes viz. account transfer/ overdraft.
2. DBS Bank shall be entitled to vary the drawing power of the Borrower if the value of the Assets does not meet the stipulated margin requirements and may, in the event any monies remain due and payable by the Borrower, reduce the availability of the drawing power and/or adjust such outstanding monies against the available drawing power and all such adjustments shall be treated as drawals by the Borrower.
3. The Facility shall, as per the request of the Borrower, be disbursed by DBS Bank to the Borrower or to such other person/s as may be

designated by the Borrower. Provided however, disbursement if any made by DBS Bank to the aforesaid designated person/s shall not affect the obligations of the Borrower in relation to the Facility. The Facility amount shall be disbursed to the Borrower net of any administration fees, premium, documentation charges, transaction/processing fees etc. payable by the Borrower.

4. In respect of Overdraft (OD) against Gold and Gold Ornaments, subject to applicable DBS Bank's internal policies, substitution of jewels and revised limit may be allowed / . Redemption of the Gold and Gold Ornaments will be permitted only on full repayment of principal, interest, costs and other charges as may be applicable.

or

4. In respect of OD against Gold and Gold Ornaments, subject to applicable DBS Bank's internal policies, enhancement by depositing additional jewels or reduction in the limit by withdrawal of any Gold and Gold Ornaments that may have been deposited, may be allowed and adjusting the limit according to the advance rate calculated on the deposited Gold and Gold Ornaments.

III. REPAYMENT, PREPAYMENT AND PAYMENT OF INTEREST AND OTHER CHARGES

1. The Borrower shall pay/repay the Borrower's Dues, without any deductions, for or on account of any taxes whatsoever, in the manner, at the rates and on the Due Dates specified in the Transaction Documents.
2. The Borrower shall pay to DBS Bank interest and all other charges on the amounts outstanding, at the rates, on the dates and in the manner specified in the Transaction Documents. The interest payable by the Borrower shall be subject to changes in interest rates made by DBS Bank from time to time in accordance with the guidelines issued by the Reserve Bank of India (RBI) Interest on the outstanding amounts under the Facility or other charges, when debited to the relevant Account by DBS Bank shall be calculated on the daily debit balance in such Account. Interest and all other charges shall accrue from day to day and shall be computed on the basis actual to actual number of days elapsed. Interest on all agricultural and non-agricultural instalment loans is calculated on simple interest basis. For non-agricultural bullet repayment loans and overdraft facilities, interest is calculated on monthly compound interest basis.

3. DBS Bank shall levy Penal Charges in case Borrower's Dues remain unpaid on the respective Due Dates or in case of breach of applicable LTV ratio/ margin ("**Material Breach**"). The Penal Charges will be computed from the date of Material Breach till cure of the Material Breach. Such Penal Charges shall be over and above the applicable charges, interest mentioned in the Transaction Documents.

4. The Borrower may, with the prior approval of DBS Bank, prepay the Borrower's Dues, in full or in part, subject to such terms as may be stipulated by DBS Bank (including payment of pre-payment charges). The payment shall be made by such modes as DBS Bank may permit including (without limitation) ECS, Standing Instruction ("SI, mobile platforms, mobile banking, and subject to such further terms and conditions in this regard as may be communicated to me/us by DBS Bank.
5. The Borrower shall bear and pay (all expenses, costs, charges, stamp duties and taxes of any description whatsoever including Good and Service Tax (GST) as may be levied from time to time by the Government or other authority or incurred by DBS Bank in connection with the Facility, the Assets, the Transaction Documents, recovery and realization of the Borrower's Dues or any action taken for enforcement of the Security. If any such payment is made by DBS Bank, the Borrower shall reimburse DBS Bank such sums with applicable interest without any deductions (unless required by law), within 7 days of DBS Bank making such demand; failure to do so will attract interest on such amount paid by the Bank.
6. DBS Bank may, in its absolute discretion, appropriate any payments made by the Borrower under the Facility or any amounts realised by DBS Bank by enforcement of security. towards the dues payable by the Borrower to DBS Bank under the Transaction Documents and/or any other agreements whatsoever between the Borrower and DBS Bank. Notwithstanding any such appropriation, the Borrower shall continue to remain liable to DBS Bank for all outstanding/remaining amounts comprising the Borrower's Dues.
7. The Borrower's Dues shall be paid into the Account or to such other accounts as DBS Bank may notify to the Borrower or by cash or mail transfer or by cheque/bank draft drawn in favour of DBS Bank or on a scheduled bank and shall be so paid so as to enable DBS Bank to realise, at par, the amount on or before the relative Due Date.

IV. SECURITY

1. The Borrower shall secure, to the satisfaction of DBS Bank, the Facility together with all interest, Penal Charges, liquidated damages, costs, charges, expenses and any monies whatsoever due and payable by the Borrower to DBS Bank by creating such security on the Assets as acceptable DBS Bank, in favour of DBS Bank or its trustees (hereinafter referred to as "the Security") and shall duly comply with all formalities in relation to creation of Security.
2. The Security, if any, so created shall continue and be in full force and effect until payment of the Borrower's Dues in full and shall not be affected or discharged by the death, insolvency, legal disability, incapacity of the Borrower or invalidity, frustration or other unenforceability of any obligations of the Borrower under the Transaction Documents or by any Borrower under the Transaction Documents or by any amendment or variation in the terms of the Facility or any Transaction Documents if at any time the value of the Security falls so as to create deficiency in the margin requirement specified by DBS Bank or the Assets are taken into custody by any government authority including the police department, the Borrower shall immediately, on intimation from DBS Bank, deposit with DBS Bank additional security in the form of cash or such other security as may be acceptable to DBS Bank ("Additional Security"), falling which DBS Bank may in its discretion sell, dispose off or realize any or all the Security without being liable for any loss or damage in the value realized thereby and also without prejudice to DBS Bank's right to proceed against the Borrower for any balance / additional amounts that may be outstanding in respect of the Facility.
3. DBS Bank shall not be responsible for (a) any loss, damage or depreciation in the value of the Assets while in possession of DBS Bank (b) protection of the Borrower's rights against third parties claiming any rights in or to the Assets (c) informing the Borrower of any of the above, whether or not DBS Bank has or is deemed to have knowledge of such matters.
4. In any event, the maximum liability, if any, of DBS Bank in relation to the Assets shall: (a) In the case of total loss of the Assets, not exceed the value of the Assets as determined by DBS Bank excluding the value of non-gold fastenings, precious and semi-precious stones: (b) in other cases shall be only the extent of cost of repair of the Assets.
5. DBS Bank shall not be liable for any damage to the DBS Bank safety locker where Gold/ Gold Ornaments of the Borrower has kept whether such damage is caused by rain, flood, earthquake, lighting, civil disturbance or

commotion, riot or war or in the event of any terrorist attack or by any other similar cause(s).

V. REPRESENTATIONS, WARRANTIES AND COVENANTS

1. The Borrower has competence and authority to enter into the Transaction Documents and has made all material disclosures in relation to itself and the Assets to DBS Bank.
2. The Borrower shall comply with all applicable laws and the terms and conditions of the Transaction Documents and agrees that all transactions affected through internet, call centers or by such other electronic means shall constitute legally binding and valid transactions.
3. The Borrower shall be the sole and absolute owner of the Assets and have full legal right and authority to create a security over the Assets. The Borrower shall not create any encumbrance over the Assets during the term of the Facility and no other person or entity shall be entitled, to the possession, use or control of the Assets. The Assets shall not have been stolen or obtained by any unlawful or illegal means.
4. DBS Bank has the right to open the seal in which the Assets will be kept, in the absence of the Borrower, for the purpose of second appraisal /audit, in the presence of its authorised officials and appraisers and the Borrower has no objection to the same and shall not raise any claim against DBS Bank. The Borrower shall indemnify DBS Bank and its respective officers, agents, employees and representatives from and against all actions, proceedings, suits, costs, charges, expenses, losses, damages, claims and demands which may be brought or made against or incurred by DBS Bank or any of its respective officers, agents, employees and representatives: (a) as a result of any third party claim against DBS Bank for any action taken by DBS Bank in relation to the Assets; (b) in the event the Assets are found to be spurious or of inferior quality.
5. Each of the representations, warranties, covenants, declarations set out herein are true, correct, valid and subsisting in every respect and shall survive till the full payment of the Borrower's Dues, to the satisfaction of DBS Bank.
6. DBS Bank reserves the unconditional right to cancel the amounts/ limits advanced/ to be advanced under the Transaction Documents (either fully or partially) without giving any prior notice to the Borrower, on the occurrence of any one or more of the following: (a) in case the limits/part of the limits are not utilised by the Borrower, or (b) in case of Deterioration in the Creditworthiness of the Borrower in any manner whatsoever; or (c) in case of non-compliance of the terms and conditions of the Transaction

Documents. For the purpose of this clause, Deterioration in the Creditworthiness shall mean and include without limitation, the following events: (i)downgrade of the rating of the Borrower by a Credit Agency; (ii) inclusion of the Borrower and/or any of its Directors in the Reserve Bank of India's wilful defaulters list (iii) closure of a significant portion of the Borrower's operating capacity (iv)decline in the profit after tax of the Borrower by more than fifteen percent; (v) any adverse comment from the auditor, and (vi) any other reason/ event in the opinion of the Bank constituting or which may constitute Deterioration in the Creditworthiness.

7. Borrowers agree to DBS Bank pre-condition to abide by the Reserve Bank of India guidelines on loan to Value ratio (LTV Ratio) prescribed from time to time, and at all times during the tenure of Facility. Borrower agree to maintain minimum LTV of « »% (for Agri purpose) at any point of time including the outstanding amount along with interest. Further, Borrower is aware that the DBS Bank can modify the LTV Ratio at any time and no separate notification is required to be made to me.
8. The Borrower agrees and undertakes that he/ she shall intimate to DBS Bank before taking any employment or business or for long term stay outside India during the subsistence of the Facility.

VI. EVENTS OF DEFAULT

1. The following shall constitute an "Event of Default" (a) Default in payment of Borrower's Dues or breach of any provisions under the Transaction Documents or any fraud, misrepresentation, concealment of material facts; (b) Death, failure in business, commission of an act of insolvency of the Borrower, (c) The Borrower's title to the Assets or any part thereof is defective, or is challenged by any person, in any manner and/or the Assets or any part thereof is found to be spurious or of inferior quality; (d) Borrower has been declared to be a wilful defaulter or has become or there is reasonable apprehension that the Borrower would become subjected to insolvency/bankruptcy proceedings/ any other proceedings affecting the Assets, (e) It is or becomes unlawful for the Borrower or any other person signing Transaction Documents to perform any of their obligations therein or the Borrower is unable to pay or has admitted, in writing, the inability to pay the debts as and when they become due; (f) Occurrence of an event of default howsoever described (or any event which with the giving of notice, lapse of time, determination of materiality or fulfilment of

any other applicable condition or any combination of the foregoing would constitute an event of default) under any agreement or document with DBS Bank or occurrence of one or more events, conditions or circumstances (including any change in law) which in the sole opinion of DBS Bank, could have a material adverse effect (g) Reduction in the value of the Gold Jewel/s due to change in market price (h) Any statutory notice for attachment, distress, execution against the Borrower or arrest of Borrower on the charges of theft or robbery (i) Erroneous valuation of the Gold Jewel/s deposited with the Bank arising out of collusion between gold appraiser and the Borrower or Borrower's related persons.

2. The Borrower shall promptly notify DBS Bank in writing upon becoming aware of any Event of default and the steps, if any, being taken to remedy it. The decision of DBS Bank as to whether or not an Event of Default has occurred shall be final and binding upon the Borrower.

VII RIGHTS AND REMEDIES OF DBS BANK

1. Upon the occurrence of any Event of Default, DBS Bank may, by a notice in writing, and without prejudice to the other rights and remedies available to it under the Transaction Documents or under law (a) call upon the Borrower to pay forthwith the Borrower Dues; and/or (b) declare the Security, if any, created pursuant to the terms of the Transaction Documents to be enforceable and take all such steps as are deemed necessary to enforce the Security and recover the Borrower's Dues (c) terminate/ suspend/ cancel the Facility and effect closure of the Account. DBS Bank may appoint and delegate necessary powers to one or more persons to collect the Borrower's Dues and/or to enforce any security (if any) provided by the Borrower at the cost and expense of the Borrower and the Borrower shall provide all information as may be required by such persons.
2. With respect to the power mentioned in clause 1(b) above, DBS Bank may, subject to 15 (fifteen) days prior notice to the Borrower (which period of notice the Borrower agrees is reasonable), at the Borrower cost, sell or otherwise dispose of all or any part of the Assets and apply the proceeds of any such sale or disposition towards repayment /payment of the Borrower Dues. DBS Bank shall be entitled to exercise the aforesaid power of sale in such manner (whether by private sale or otherwise) at such time(s) to such person (including DBS Bank or its employees) and for such consideration (whether payable immediately or by instalments) as it shall in its absolute discretion think fit. DBS Bank is authorized to

- give a good discharge for any money received by it pursuant to the exercise of its power of sale.
3. The Borrower agrees that the price at which the Assets are said shall be a fair price and that the Borrower shall not have any claim against DBS or its trustees or agents, in respect of any loss arising out of any sale conducted pursuant to provisions stated above or any postponement thereof howsoever caused and whether or not a better price could or might have been obtained upon the sale or disposition of the whole or any part of the Assets by deferring or advancing the date of such sale or otherwise.
 4. Payment received from Assets or received on account of part payment of the Facility does not affect right of DBS Bank to receive full repayment of the amounts due and payable under the Facility.
 5. DBS Bank shall have the paramount right of set off and lien, irrespective of any other lien or charge, present as well as future on all the deposits, balances, securities etc. held by under the control of DBS Bank to the extent of all outstanding dues, whatsoever arising out of facilities/ services by DBS Bank to the Borrower. In addition to the legal and contractual rights that DBS Bank are or may be entitled to, the Borrower authorizes the Bank to combine or consolidate at any time all or any of the accounts and liabilities of the Borrower with or to any branch of DBS Bank.
 6. DBS Bank shall be entitled to take appraisal certificate from DBS Bank empanelled appraiser, and re-value the Assets at any time. Borrower agree to pay such charges as may be levied by the appraiser and published by DBS Bank on the website. The decision of the appraiser shall be final and binding with respect to weight, value, or other characteristics of the Assets that may be deposited.
 7. DBS Bank may demand repayment to cover the margin in case of fluctuations of price of gold or the Assets or accrual of interest in the Facility by giving one-week notice. A prepaid letter sent through the post/courier duly addressed to Borrower address, SMS on my /our registered mobile number, electronic message on my/ our registered email id or such other electronic platform like WhatsApp, Signal etc. used by me/us, shall be sufficient notice to me / us for any purpose. The issuance of demand notice through any one of the aforesaid mediums of communication shall be sufficient for the purpose of communication.
2. No delay in exercising or omission to exercise any right, power or remedy accruing to DBS Bank upon any default or otherwise under the Transaction Documents shall impair any such right power or remedy or shall be construed to be a waiver thereof or any acquiescence in such default.
 3. The entries made in the account books or records of DBS Bank, maintained in accordance with its usual practice and in compliance with the statutory requirements or any statement signed by a designated officer of DBS Bank with respect to the Facility shall be final and binding on the Borrower and shall be conclusive evidence of the outstanding obligations of the Borrower towards DBS Bank
 4. DBS Bank may give notice of any matter under any Transaction Document and/or in connection with the Facility. in writing by delivering them by hand or by sending them by post to the last address given by the Borrower or by way of email on the address recorded with DBS Bank (deemed to be written communication) or on its website or any other mode as may be deemed fit by DBS Bank. In addition, DBS Bank may also publish notice of general nature, which is applicable to all borrowers of similar credit facility on its website. Such notice will be deemed to have been served individually to the Borrower and all relevant persons. All notices/communication to DBS Bank should be given in writing and sent by post or delivered to DBS Bank India Ltd. _____branch.
 5. The Borrower shall not assign or transfer all or any of its rights, benefits or obligations under the Transaction Documents without the prior written approval of DBS Bank. DBS Bank may, at any time, assign, securitise, novate or transfer all or any of its rights, benefits and obligations under the Transaction Documents or share the credit risk of the whole or a part of the Facility with any other person by way of participation. Notwithstanding any such assignment, transfer or participation, the Borrower shall, unless otherwise notified by DBS Bank, continue to make all payments under the Transaction Documents to DBS Bank and all such payments when made to DBS Bank shall constitute a full discharge to the Borrower from all of his liabilities in respect of such payments.
 6. All claims/ disputes relating to the Facility shall be subject to the exclusive jurisdiction of the courts/ tribunals of the city in which the branch of the DBS Bank granting the Facility is situated.
 7. **Disclosure of Information-** (a) DBS Bank is authorized to share my / our personal details with third party/ies for such purpose(s), including but not limited to, gold appraisal, credit

VIII MISCELLANEOUS

1. The Borrower's liability to pay the Borrower's Dues to DBS Bank shall not, in any manner be affected, or discharged by the death insolvency, legal incapacity or otherwise of the Borrower.

assessment, background verification, analysis, marketing, fraud prevention, credit checks, loan servicing, payment processing, loan collection activities, field visit etc. as may be required by the Bank. The Bank may disclose Borrower's and/or the Facility information to Reserve Bank of India, other statutory/regulatory authorities, arbitrator, credit bureaus, local authority, credit rating agency, information utility, marketing agencies, service providers if required, or to Bank's affiliates whether in India or otherwise for offering services, risk management, business purposes, etc. (b) The personal information of the Borrower may be held and processed on computers of Bank's service providers and/or its contractor for providing certain value-added services, statistical analysis, etc.

8. DBS Bank has the absolute discretion to amend or supplement the Transaction Documents, including making changes based on guidelines/directives issued by the RBI. from time to time and will endeavour to give prior notice by email or in newspaper or put up the same on the website (www.dbsbank.com), as the case may be, wherever feasible and such amended terms and conditions will thereupon be binding on the Borrower.
9. Upon receipt from DBS Bank of statements giving details of: (1) the aggregate outstanding amount in respect of the Facility or the aggregate debit balance (total indebtedness) in the Account (ii) the further applicable accrued interest (iii) security created for securing the Facility, the Borrower shall forward its acknowledgement of the aforesaid indebtedness specified in the aforesaid statements, in the form prescribed by DBS Bank within 10 days of receipt of such statement. If DBS Bank does not receive such acknowledgement from the Borrower within the said period, the Borrower shall be deemed to have confirmed the correctness of the entries in such statements and acknowledged the indebtedness for the balance mentioned in the statements.
10. The Borrower confirms to have read and accepted Bank's privacy policy available on Bank's website. Borrower's banking services could be suspended or discontinued for withdrawal of any consent/s.
11. In case the Facility being availed of by the Borrower is for refinancing of a loan earlier availed of by the Borrower from another bank/financial institution the following conditions

precedent shall have been complied by the Borrower:

- a) Borrower to share the pledge card/sanction letter/loan statement shared by another bank/financial institution & consent form for Cibil.
 - b) Borrower's KYC documents and other documents as required by the Bank for the purpose of assessment of the profile for the refinancing of a loan.
 - c) Duly stamped and signed declaration cum undertaking.
 - d) Letter/loan statement from the other bank/financial institution stating the exact amount outstanding from the Borrower to such bank/financial institution in respect of the loan being refinanced with details of default (if any).
 - e) In case of a shortfall in the valuation of gold ornaments deposited to another bank/financial institution, Borrower shall deposit additional gold ornaments or repay the shortfall amount as required by the Bank. If the Borrower fails to repay the shortfall amount or deposit the additional gold ornaments, then Bank shall have the right to auction the gold ornaments and recover the outstanding dues. Bank shall also have right to take legal action against Borrower.
12. Borrower hereby confirm that he/ she has read and/or have independently had the aforesaid terms and conditions translated accurately in their vernacular language and Borrower have completely understood the same to their satisfaction. Borrower understand that disbursement of the Facility shall also be a deemed confirmation, agreement and declaration on Borrower's part that the terms and conditions mentioned herein shall apply to the Facility disbursed / that may be sanctioned.
- OR
- Borrower hereby confirm that Borrower have visited the branch of DBS Bank and DBS Bank official has read and translated accurately the aforesaid terms and conditions in the language which Borrower understand and Borrower have fully understood the same to its satisfaction.
13. If there are instances where the Borrower is not satisfied with the services provided by DBS Bank, to highlight such instances and/or register a complaint, the Borrower may refer to the grievance redressal policy displayed on DBS Bank's official website. www.dbsbank.com

IRAC Annexure

Concepts/clarifications/Illustrative examples on due dates and specification of SMA/ NPA classification dates.

Due Date of Facility Tenor	
Frequency of Repayment	<p>Total Facility amount and interest to be paid on or before the due date.</p> <p>In case of Overdraft facility Interest to be paid every month (28th /29th Feb and 30th /31st of other months) till the date of expiry of overdraft tenor. All such interest payment to be made on or before month end. In case of a Banking holiday on month end, it should be made one day prior to month end.</p> <p>In case of Equated Monthly Installments (EMI) / Equated Quarterly Installments(EQI) facility The Borrower will repay the Principal /loan together with the interest calculated on the reducing principal balance by way of Equated Monthly Installments (EMI) / Equated Quarterly Installments(EQI)on or before EMI date as per repayment schedule</p> <p>In case of Monthly Interest facility Interest to be paid every month on or before demand date as per Repayment Schedule.</p> <p>In case of Quarterly Interest facility Interest to be paid quarterly on or before demand date as per Repayment Schedule.</p>
Breakup between Principal and Interest	Please check the breakup in the account statement and you can also take the same from your nearest DBS Branch.

Borrower confirm having understood the following concepts and illustrative examples related to due dates, classification of the

Facility as Special Mention Account (SMA) / Non-Performing Asset (NPA) in accordance with the RBI Circular dated November 12, 2021, on 'Prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to Advances – Clarifications' and amendments thereto.

Dues: mean, the principal /interest/any charges levied on the loan account which are payable within the period stipulated as per the terms of section of the credit facility.

Overdue: mean, the principal / Interest / any charges levied on the loan account which are payable, but have not been paid within the period stipulated as per the terms of the credit facility. In other words, any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

Appropriation Principle: The Principle of FIFO i.e., 'First in First Out' accounting method is relevant to arrive at the No. of days of overdue for determining the SMA /NPA status. The FIFO principle assumes that, the oldest

outstanding dues in the loan Account needs to be cleared first. The FIFO method thus requires that what is due first must be paid by the borrower first.

For example: if in any loan account as on 01.02.2021, there are no overdues and an amount of Rs.500 (X) is due for payment towards principal instalment/ interest/ charges, any payment being credited on or after 01.02.2021 in the loan account will be used to pay-off the dues outstanding on 01.02.2021.

Assuming that nothing is paid and/or there is partial payment (Rs.200 (Y)) of dues during the month of February, the overdue as on 01.03.2021 will be Rs. $X - Y$ / Rs. $500 - 200 = \text{Rs.}300$.

Additionally, an amount of Rs. 100 (Z) becomes due as on 01.03.2021, now any payment / partial payment into the account on or after 01.03.2021 will be first utilized to pay-off the partial due of (Rs X - Rs.Y+ Rs Z) / (Rs.500-200+100=400).

Age of oldest Dues (or Days-Past-Due - DPD): The age of oldest dues is reckoned in days from the date on which the oldest payment is due and continues to remain unpaid. In the aforesaid illustration, if the dues relating to 1st February 2021 remain unpaid till 01.03.2021, the age of the oldest dues is reckoned as 29 days on 02.03.2021.

What is SMA? A Special Mention Account (SMA) is a loan account, showing the symptoms of stress as evidenced by a default in payment of the dues, and/or, in which principal or interest or both are overdue but for a period of less than 90 days.

SMA account categorization is a precautionary measure to recognize the financial stress early and therefore to take corrective action to contain that stress and prevent the loan account from turning into NPA.

Classification as Special Mention Account (SMA) and Non-Performing Asset

Lending institutions will recognize the incipient stress in loan accounts, immediately on default by classifying them as Special Mention Accounts (SMA) The basis of classification of SMA/NPA category shall be as follows:

Loans in the nature of Term Loans		Loans in the nature of 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-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

Non-performing Asset:

Non-Performing Asset (NA) is a loan or an advance where:

- interest and/or instalment of principal remains overdue for a period of more than 90 days in respect of a term loan,
- the account remains 'out of order' as indicated below, in respect of on Overdraft/Cash Credit (OD/CC),
- the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
- the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops,
- the instalment of principal or interest thereon remains overdue for one crop season for long duration crops.

'Out of Order' Status:

An account shall be treated as out of order if:

- the outstanding balance in the CC/OD account remains continuously in excess of the sanctioned limit/drawing power for 90 days, or
- the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days, or the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited during the previous 90 days period.

Illustrative movement of an account to SMA category to NPA category based on non-payment of dues at day-end process:

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

Due date of payment	Payment covers	Age of oldest dues in days (DPD)	SMA / NPA Categorization	SMA since Date /SMA class date	NPA Categorization	NPA Date
31.03.2021	Entire dues paid upto 31.03.2021	0	NIL	NA	NA	NA
31.03.2021	Dues of 31.03.2021 not fully paid at EOD 31.03.2021	1	SMA-0	31.03.2021	NA	NA
31.03.2021	Dues of 31.03.2021 not fully paid at EOD 29.04.2021	30	SMA-0	31.03.2021	NA	NA
31.03.2021 30.04.2021	Dues of 31.03.2021 and 30.04.2021 not fully paid at EOD 30.04.2021	31	SMA-1	SMA since 31.03.2021/ SMA-1 since 30.04.2021	NA	NA
31.03.2021 30.04.2021	Dues of 31.03.2021 and 30.04.2021 not fully paid at EOD 29.05.2021	60	SMA-1	SMA since 31.03.2021/ SMA-1 since 30.04.2021	NA	NA
31.03.2021 30.04.2021	Dues of 31.03.2021 and 30.04.2021 not fully paid at EOD 30.05.2021	61	SMA-2	SMA since 31.03.2021/ SMA-1 since 30.05.2021	NA	NA
31.03.2021 30.04.2021 31.05.2021	Dues of 31.03.2021, 30.4.2021 and 31.05.2021 not fully paid at EOD 28.06.2021	90	SMA-2	SMA since 31.03.2021/ SMA-1 since 30.05.2021	NA	NA
31.03.2021 30.04.2021 31.05.2021	Dues of 31.03.2021, 30.04.2021 and 31.05.2021 not fully paid at EOD 29.06.2021	91	NPA	NA	NPA	29.06.2021

It is advised to maintain sufficient funds a day in advance in your bank account through which the loan is being serviced.

Upgradation of accounts classified as NPA

All the loan or credit facility accounts of a borrower will be classified as NPA, in case any one of the accounts get classified as NPA and will continue to remain classified as NPA unless the overdue of all the loan accounts or credit facilities are fully repaid by the customer.

I/we understand that the aforesaid few examples are illustrative and not exhaustive in nature covering common scenarios, and that the norms and clarifications of SMA/NPA captured in the IRACP provided by Reserve Bank of India ("RBI") will prevail.