



Consumer Awareness Document pursuant to prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications issued by Reserve Bank of India via Circular No. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021 (“IRACP Norms”)

A. Introduction

Blacksoil Capital Private limited (herein referred to as “BCPL” or “the Company”) is a Systemically Important, Non-Deposit taking, Non-Banking Finance Company (NBFC-ND-SI) registered with RBI. BCPL provides debt facility to growth companies in India. Debt facilities includes Asset backed Financing, Venture Debt Financing, Structured Debt Financing, Promoter Financing & Supply Chain Finance.

B. Objective

With a view to increase awareness among the borrowers, we have placed below consumer awareness/ education literature, explaining with examples, the concepts of date of overdue, Special Mention Account (“SMA”) and Non-Performing Asset (“NPA”) classification and upgradation, with specific reference to day-end process.

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

➤ **Dues:**

- mean, the principal, interest, any cost, charges, expenses levied or incurred on the loan/ financing facility which are payable within the period stipulated as per the terms of sanction of the credit facility or the definitive facility documents.

➤ **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 sanction of the credit facility or the definitive facility documents and may include default interest and additional cost for enforcement of security, if required. In other words, any amount due to BCPL under any credit facility is 'overdue' if it is not paid on the due date fixed by BCPL.

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

- Borrower / Payee shall pay the EMI / PEMI / Interest on or prior to the Due date as mentioned in facility documentation.
- Non -payment or delay in payment of EMI / PEMI / Interest by the Due date, shall render the Borrower/Payee liable to pay delayed payment charges as mentioned in the facility documentation. The delayed payment charges till the realisation of such outstanding amount may be revised and announced by BCPL from time to time. In such an event/s, the Borrower/Payee may also be liable

to pay incidental charges and costs/damages to Lender / BCPL, as may be stipulated by BCPL in that behalf and as agreed upon in the facility documentation.

- If the EMI / PEMI / Interest are not being paid by the Borrower/Payee on the due dates the borrower's loan account may be downgraded as under:

Basis for classification Loans other than Revolving facilities		Basis for classification Loans in the nature of Revolving facilities	
SMA Sub-categories	Principal or interest payment or any other amount wholly or partly overdue, for a period of:	SMA Sub-categories	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

- The Borrower / Payee accounts shall be flagged as overdue as SMA / NPA by BCPL as part of their day-end processes for the due date, irrespective of the time of running such processes. 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.

Explanation: At the end of every calendar day, BCPL shall run day-end process to determine whether an account will be treated as overdue or not. If the dues are not received into the designated bank account until completion of day-end process, the amount would be considered as not received and therefore will be treated as overdue.

➤ **Illustration with respect to SMA / NPA Classification:**

- If the repayment date with respect to the loan / facility falls on 31st March, and the relevant outstanding amount payable including but not limited to interest on such date is not received in full on such due date, before BCPL runs the day-end process with respect to classification of their borrower accounts for the repayment date, the date of overdue shall be 31st March.
- In the event, the loan / facility continues to remain overdue, then the account may be tagged as SMA-1 upon running day-end process on the 30th day from 31st March i.e. upon completion of 30 days of the Loan being continuously overdue. Accordingly, the date of SMA-1 classification for that account shall be 30th April.
- Similarly, if the Loan continues to remain overdue after it being classified as SMA-1, it may be tagged as SMA-2 upon running day-end process on the 60th day from 31st March i.e. on 30th May.
- In the event of Loan continuing to remain overdue further, it shall be classified as NPA upon running day-end process on the 90th day from 31st March i.e. on 29th June.

➤ **Upgradation of loan to 'Standard Asset' from 'NPA'?**

- Once the loan is classified as an SMA / NPA, it shall remain so until and unless the entire full overdue amount has been paid. i.e. there should be zero outstanding in the account.

For any further queries, customer can reach out to BCPL at <https://www.blacksoil.co.in/reach-us.php>