

## EASY HOME FINANCE LIMITED (EHFL)

### Customer Awareness & Education - Regarding Classification of Loan Account as SMA and NPA

In reference to RBI circular no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 on 'Prudential norms on Income Recognition, Asset Classification and Provisioning, pertaining to Advances – Clarifications' dated November 12, 2021 this Customer Education Literature is presented with regards to the Customer Awareness - Regarding Classification of Loan Account as SMA and NPA.

**A. Clarification on Overdue:** A loan Equated Monthly Instalment (EMI) is to be treated as overdue, if it is not paid on the due date fixed by the Lender (EHFL) (before the Lender runs the day-end process for that day). **Due Date** is the date as specified in the Repayment Schedule on which the instalment/EMI is due to be paid.

#### **B. Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA)**

*If there is a default in making payment of Principle or interest or any other amount wholly or partly levied by the Company on or before due date, then such overdue loan account shall be classified as SMA (Special mention Account) or NPA (Non-Performing Asset) as per RBI regulation as indicated in below table:*

<b>Overdue</b>	<b>Classification</b>
<i>For a period upto 30 days</i>	<i>SMA-0</i>
<i>For a period more than 30 days and upto 60 days</i>	<i>SMA-1</i>
<i>For a period more than 60 days and upto 90 days</i>	<i>SMA-2</i>
<i>For a period more than 90 days</i>	<i>NPA*</i>

#### **\*Upgradation of accounts classified as NPAs**

Loan account once classified as NPA can be upgraded as standard only after entire arrears of principal, interest and any other amount are paid by the borrower.

#### **Illustration for Classification of borrowers account as SMA/NPA for easy reference:**

*If due date of a loan account repayment is April 05, 202X, then indicative SMA/NPA classification shall be as follows:*

<b>Overdue period of principal / Interest / Any other amount</b>	<b>SMA/NPA Classification Category</b>	<b>SMA/NPA Classification date</b>
<b>Up to 30 days</b>	SMA-0	April 05, 202X
<b>More than 30 days and upto 60 days</b>	SMA-1	May 05, 202X
<b>More than 60 days and upto 90 days</b>	SMA-2	June 04, 202X
<b>Over 90 days</b>	NPA	July 04, 202X

- *If due date of loan account is April 05, 202X, and dues are not received by the company on or before this date, the date of overdue shall be April 05, 202X and this account shall **tagged as SMA-0**.*
- *If the loan account continues to remain overdue then this account shall be **tagged as SMA-1** on May 05, 202X i.e upon completion of 30 days of being continuously overdue. Accordingly, the date of SMA-1 classification for that account shall be May 05, 202X.*
- *If the loan account continues to remain overdue, it shall be **tagged as SMA-2** on June 04, 202X i.e, upon completion of 60 days of being continuously overdue. Accordingly, the date of SMA-2 classification for that account shall be June 04, 202X.*

*Similarly, if the loan account continues to remain overdue further, it shall be classified as NPA on July 04, 202X*

#### **C. Upgradation of accounts classified as NPAs**

Customer classified as NPAs may be upgraded as 'standard' only if **entire arrears** of interest and principal are paid by the customer. With regard to upgradation of accounts classified as NPA due to restructuring, non-achievement of date of commencement of commercial operations (DCCO), etc., the instructions as specified for such cases shall continue to be applicable.

For e.g. if a customer is classified as NPA on July 04, 202X with an overdue of Rs. 1,00,000/-, the customer will be upgraded to standard only after receipt of full overdue amount.