

Literature on Customer Education

With a view to increasing awareness among the borrowers, this consumer education literature, explaining with examples, the concepts of date of overdue, SMA and NPA classification and upgradation, with specific reference to day-end process has been developed.

The Borrower acknowledges that any delay or default in payment of any amount due and payable under the Loan might adversely affect the Borrower's credit score. The Borrower further acknowledges that the Loan might be classified in the Lender's books as a special mention account (SMA) if any amount due and payable thereunder is overdue.

For example, if any principle, interest, or any other amount is scheduled to be paid on the 31st day of a given month ("**Scheduled Date**") and such amount is not fully paid on or before such day, then the relevant loan account will be classified as SMA-0 as of such day. If the overdue continues for more than 30 days from the Scheduled Date upto 60 days from the Scheduled Date, then the account will be classified as SMA-1. If the overdue continues for more than 60 days from the Scheduled Date upto 90 days from the Scheduled Date, then the account will be classified as SMA-2. If the overdue continues for more than 90 days from the Scheduled Date, then the account will be classified as a Non-Performing Asset (NPA). Once a loan is classified as an NPA, it shall remain as such till the time the entire overdue amounts are paid in full.

Borrower accounts shall be flagged as overdue as part of the day-end processes for the due date, irrespective of the time of running such processes. Further, the classification of borrower accounts as SMA or NPA shall also be done as part of the day-end process for the relevant date. In other words, the SMA or NPA classification date shall be the calendar date for which the day end process is run.

Please refer the below illustration.

Illustration:

<i>Scheduled Date: March 31, 2022</i>		
Classification	Date of classification	Condition for classification
SMA-0	Scheduled Date	If the amount(s) scheduled to be paid on the Scheduled Date is not paid on the Scheduled Date.
SMA -1	April 30, 2022	If any amount remains overdue for more than 30 days from the Scheduled Date.
SMA-2	May 30, 2022	If any amount remains overdue for more than 60 days from the Scheduled Date.
NPA	June 29, 2022	If any amount remains overdue for more than 90 days from the Scheduled Date.