

## CUSTOMER AWARENESS

In compliance with RBI’s Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated October 01, 2021 and RBI’s Clarification on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated November 12, 2021 (“RBI IRACP Norms Clarifications”) as amended from time to time and /or as required/ directed by RBI, shall classify and notify facility as overdue, SMA/NPA. Further upgradation of such accounts shall also be guided by the aforementioned clarification. Below is the manner in which such classification and upgradation will be undertaken by the Company.

RBI has provided relaxation via notification dated February 15<sup>th</sup>, 2022 for “Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications.” for the application of the above mentioned provision for upgradation of accounts classified as NPA till September 30, 2022.

- **Date of overdue:**

Account will be flagged as an overdue account if as on running day-end processes (irrespective of time of running such process) no payment has been received.

**Example for date of overdue:**

If due date of a loan account is March 31, 20XX, and full dues are not received before the Company runs the day-end process for this date, the date of overdue shall be March 31, 20XX.

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

The Company will flag an account as SMA or NPA if the default subsists (as per timeline prescribed) at time of running day-end process. The classification parameter as provided in RBI IRACP Norm Clarifications are as follows:

Loans other than revolving facilities		Loans in the nature of revolving facilities like 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-0	-
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

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**Example:**

**SMA-0 Classification:**

In continuation of above example, if the account remains overdue upon running March 31, 20XX day-end process it will be classified as “SMA-0”.

**SMA-1 Classification:**

In continuation of above example, if the account remains overdue upon running April 30, 20XX day-end process it will be classified as “SMA-1”.

**SMA-2 Classification:**

Similarly, if the above account remains overdue upon running May 30, 20XX day-end process it will be classified as “SMA -2”.

**NPA Classification:**

Aforementioned account if remains overdue upon running June 29, 20XX day-end process it will be classified as “NPA”.

- **Upgradation of accounts classified as NPAs:**

Once account is classified as NPA, it shall be **only be upgraded** as standard assets upon payment of **entire arrears of interest and principal (EMI) by the borrower** at the time of running the day-end activity of that particular date.

**Existing instructions as specified for accounts classifies as NPA due to restructuring, non-achievement of date of commencement of commercial operations (DCCO), etc shall continue to be applicable.**

- **Case Study:**

S. No	DATE	PARTICULARS	REMARKS
	131 <sup>st</sup> March 20XX	Non-Payment at the time of running day- end process	Date of Overdue classified as SMA-0
	230 <sup>th</sup> April 20XX	Non-payment subsists at the time of running day-end process.	Classified as SMA-1
	330 <sup>th</sup> May 20XX	Non-payment subsists at the time of running day-end process.	Classified as SMA-2
	429 <sup>th</sup> June 20XX	Non-payment subsists at the time of running day-end process.	Classified as NPA

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