

AADHAR HOUSING FINANCE LIMITED

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 (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)

The below Illustration covers the concepts of date of overdue, classification as Special Mention Account ("SMA") and Non-Performing Asset (NPA), upgradation of loan account etc.

SMA Sub-categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue
SMA-0	Upto 30 days
SMA-1	More than 30 days and upto 60 days
SMA-2	More than 60 days and upto 90 days
NPA	More than 90 days

Accordingly, the date of SMA/NPA shall reflect the asset classification status of an account at the day-end of that calendar date. An illustration of such classification is given below:

Classification as:	Example 1	Example 2
Original Due Date	1 March 2022	5 April 2022
SMA 0	1 March 2022 end of day	5 April 2022 end of day
SMA 1	31 March 2022 end of day	5 May 2022 end of day
SMA 2	30 April 2022 end of day	4 June 2022 end of day
NPA	30 May 2022 end of day	4 July 2022 end of day

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 30 May 2022 with an overdue of Rs. 1,00,000/-, the customer will be upgraded to standard only after receipt of full overdue amount.

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