

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

As per RBI's Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as amended from time to time, norms of NPA has been revised, the following clarifications may kindly be noted:

A. CLARIFICATION ON OVERDUE:

An amount is to be treated as overdue if it is not paid on the due date fixed by the FDPL Finance Private Limited “FFPL/Company” (before the Company runs the day-end process for that day). Due Date is the date as specified in the Repayment Schedule/Key Fact Statement on which the instalment due is to be paid.

B. CLASSIFICATION AS SPECIAL MENTION ACCOUNT AND NON - PERFORMING ASSET:

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:

Assumptions:

- The EMI due date was 31st of March
- Customer account remains overdue/unpaid for more than 90 days

Classification	Loans other than revolving loans		Loans in the nature of revolving facilities like cash credit/overdraft	
	Number of Days Overdue	Overdue period for illustration	Number of Days Overdue	Overdue period for illustration
SMA-0	Up to 30 days	Till 30 th of April	-	-
SMA-1	31-60 Days	1 st of May to 30 th of May	31-60 Days	1 st of May to 30 th of May
SMA-2	61-90	31 st of May to 29 th of June	61-90	31 st of May to 29 th of June
NPA	More than 90 days	30 th of June	More than 90 days	30 th of June

If the interest or principal remains overdue for a period More than 90 days, the loan account will get classified as Non-Performing Asset (NPA).

As per RBI's guidelines, the Company will flag Customer's account as overdue at the day-end processes for the due date, irrespective of the time of running such processes. The classification of Customer's account 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.

C. UPGRADATION OF ACCOUNT CLASSIFIED AS NPA:

- Customer Account which is classified as NPAs may get upgraded to 'standard' only if entire arrears of interest and principal are paid by the Customer.
- Partial payment, i.e., payment of only interest or only one installment, shall not result in the upgradation of the loan account.

D. IMPACT OF SMA CLASSIFICATION ON CIBIL/ CREDIT REPORT

Any delinquency in the loan account as mentioned above will be reported to the Credit Information Companies (CICs) on a monthly basis and the credit score of the customer shall be impacted adversely.