

Customer Awareness

Findoc Finvest Private Limited (FFPL) in compliance with 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.

SMA/NPA classification of Findoc Finvest Private Limited (FFPL).

- **Date of overdue:**

The 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, 20****, 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, 20****.

- **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 the time of running **its 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 demand loan | |
|---------------------------------------|---|--|--|
| 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 up to 60 days |
| SMA-2 | More than 60 days and upto 90 days | SMA-2 | More than 60 days and up to 90 days |

Example:

SMA-1 Classification:

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

SMA -2 Classification:

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

NPA Classification:

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

- **Upgradation of accounts classified as NPAs**

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

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

- **Case study:**

| Sr. No | Date | Particular | Remarks |
|--------|--------------------|--|-----------------------------------|
| 1. | June 30, 20** | Non-payment at the time running day-end process. | Date of overdue |
| 2. | July 30, 20** | Non-payment subsists at the time of running day-end process. | Account to be classified as SMA-1 |
| 3. | August 29, 20** | Non-payment subsists at the time of running day-end process. | Account to be classified as SMA-2 |
| 4. | September 28, 20** | Non-payment subsists at the time of running day-end process. | Account to be classified as NPA |

Accounts classified as NPA shall only be upgraded to standard once the all-previous dues including interest and



payment are received by the Company