



## FOR CUSTOMER AWARENESS ON CLASSIFICATION AS SPECIAL MENTION ACCOUNT (SMA) AND NON-PERFORMING ASSET (NPA)

Pursuant to 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances (IRACP Norms) – Clarifications' dated November 12, 2021, and Prudential Framework for Resolution of Stressed Assets dated June 7, 2019, issued by Reserve Bank of India ("Circular"), the lenders are required to recognize incipient stress in borrower accounts, immediately on default, by classifying them as special mention accounts (SMA).

1. Accordingly, Dhanvarsha Finvest Limited (Dhanvarsha) being primarily engaged into lending activities. being guided by this Circular, will recognize incipient stress in borrower accounts, immediately on default, by classifying them as SMA/NPA as per below mentioned basis of classification;

Principal or interest payment or any other amount wholly or partly overdue i.e. pending (Days Past Due Status)	Classification as on day end
1-30 days	SMA-0
31-60 days	SMA-1
61-90 days	SMA-2
More than 90 days	NPA

2. Dhanvarsha will classify the borrower accounts as SMA as well as NPA at the day end of due date i.e. the date of SMA/NPA shall reflect the asset classification status of an account at the day-end of that calendar date.

Example: If due date of a loan account is March 31, 2021, and full dues are not received before Dhanvarsha runs the day-end process for this date, the date of overdue shall be March 31, 2021. If it continues to remain overdue, then this account shall get tagged as SMA-1 upon running day-end process on April 30, 2021 i.e. upon completion of 30 days of being continuously overdue. Accordingly, the date of SMA-1 classification for that account shall be April 30, 2021. Similarly, if the account continues to remain overdue, it shall get tagged as SMA-2 upon running day-end process on May 30, 2021 and if continues to remain overdue further, it shall get classified as NPA upon running day-end process on June 29, 2021.

3. The loan account shall remain in NPA status till all unpaid instalments are repaid along with other charges / arrears. Please note partial payments towards the Loan account will not change the status of the loan from NPA to Standard.
4. Asset classification will be done borrower-wise and not facility – wise and shall be applicable for Restructured loan (if any).
5. Upgradation of accounts classified as NPAs - Once account is classified as NPA, it shall only be upgraded as standard asset upon receipt of entire arrears of interest and principal by the borrower at the time of running the day-end activity of that particular date.

Customers are requested to go through the above guidelines carefully and in case of any doubt or query, they are requested to please write to your Branch Manager for further clarifications.

**Please ensure you pay all your dues on time to avoid being tagged under SMA/NPA. This may have an impact on your credit scores. Paying on time will ensure higher credit score and in turn will make you eligible for obtaining higher loan with lower interest rates.**