



Consumer Education Literature on Special Mention Account (SMA)/Non-Performing Asset (NPA) classification, Upgradation and Concept of date of overdue

- Due date for payment of Pre-EMI interest is the last day of every month till the commencement of EMI.
- Due date for payment of first EMI – Last day of the succeeding month in which final Disbursement is made or last day of the succeeding month in which the period of moratorium on payment of principle expires, whichever is earlier. During the moratorium period, the borrowers shall repay the applicable interest.
- Frequency of repayment – Monthly
- Subsequent EMIs shall be payable on the last day of the respective month. In other words, Due date for payment of Monthly Instalment/EMI is last day of the respective month i.e.,
 - 30th of every month in case of April, June, September & November
 - 31st of every month in case of January, March, May, July, August, October & December
 - 28th / 29th of every month in case of February as the case may be
- The Amortization schedule is provided with loan agreement. The schedule is to be read along with loan sanction letter, loan agreements executed between CFHL & the Borrower(s). The schedule is prepared based on the terms of sanction contained in the Loan Sanction letter. Any subsequent changes in the terms of sanction viz (rate of interest, tenure, EMI etc) will accordingly result in change in the schedule. CFHL reserves the right to modify/alter/amend the terms & conditions and also stipulate additional or new terms & conditions from time to time.
- Standard Asset means an asset in respect of which, no default in repayment of principal or interest is perceived and which does not carry more than normal risk attached to the business.
- The overdue timeline for SMA 0, SMA 1, SMA 2 and NPA shall be upto 30, more than 30 upto 60, more than 60 upto 90 and more than 90 days respectively and same shall be done as part of day-end process for relevant date. In other words, 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 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 SMA1 upon running day-end process on April 30, 2021. i.e., upon completion of 30 days

of being continuously overdue. Accordingly, the date of SMA1 classification for that account shall be April 30, 2021.

Similarly, if the account continues to remain overdue, it shall get tagged as SMA2 upon running day-end process on May 30, 2021 and if it continues to remain overdue further, it shall get classified as NPA upon running day-end process on July29, 2021.

Standard Assets	
Sub categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue
<i>Regular</i>	<i>0 days / NIL Overdue</i>
<i>Special Mention Account (SMA -0)</i>	<i>1 day and Upto 30 days</i>
<i>SMA-1</i>	<i>More than 30 days and upto 60 days</i>
<i>SMA-2</i>	<i>More than 60 days and upto 90 days</i>
Non-Performing Assets (NPA)	
<i>NPA</i>	<i>More than 90 days</i>

- Oldest of the payment due date shall be considered for counting DPD (Days Past Due) and the number of days falling due shall be counted to classify the loan account as SMA / NPA.
- Classification of borrower accounts as SMA as well as NPA will be done by CFHL as part of the day-end process for the relevant date and the SMA or NPA classification date will be the calendar date for which the day end process is run.
- Loan accounts classified as NPAs will be upgraded as "Standard" assets only if entire arrears of interest and principal are paid by the borrower. Any partial payment, such as payment of two or three instalments, shall not result in the upgradation of the loan account. There would be no upgrade from NPA to SMA, it can only directly be classified as 0 DPD.
- At the time when the account is classified as NPA for the first time, entire un-serviced interest and all other charges debited to the account in 3 months preceding the date of classification of NPA will be reversed by debiting the appropriate heads of account and crediting to the loan account.
- After an account is classified as an NPA, no further debits in the form of interest, charges and other recovery expenses shall be made to such account, unless such account is upgraded as Performing Asset. Such charges/ expenses shall be debited to the respective expenditure heads and mirror account shall be maintained for the unrealized interest and other charges.
- The Borrower shall repay to CFHL the amount equated in terms of monthly installments set out in this Loan Agreement of each calendar month or such part thereof as shall remain due and owing to CFHL. The equated monthly instalment includes interest component.

- The Loan (including the principal, interest there on and any other charges, premium, fees, taxes levies or other dues payable by the Borrower to CFHL in terms of Loan Agreement) be repayable by the Borrower to CFHL-
 - i. at the Branch (or at any other branch of CFHL or at any other place as may be notified by CFHL under intimation to the originating Branch);
 - ii. by a way of EMI as mentioned in the Loan Agreement towards repayment of principal and interest; and
 - iii. by separate repayments in case where:
 - a. the Loan is proposed to be paid before the commencement of EMI or
 - b. towards repayment of interest during PEMI period before the commencement of the EMI or
 - c. towards repayment of penal interest, fees, charges, taxes, claims, costs and expenses charged to the Loan.
- The EMI shall be arrived at so as to comprise repayment of principal and payment of interest calculated on the basis of the interest rate, periodicity of repayment of the entire liability under the Loan at the end of its tenor and the Borrower shall continue paying EMIs until all amounts due under the Loan have been repaid in full to CFHL.
- No notice, reminder or intimation will be given to the Borrower regarding his obligation to pay the PEMII/EMI regularly on each due date. It shall entirely be his responsibility to ensure prompt and timely payment to CFHL. Any delay or default in payment of any PEMII/EMI shall make the Borrower liable to pay to CFHL, the default Interest at the rate mentioned under Clause 2.7 of Schedule to this Loan Agreement (for the period of such default) besides constituting an Event of Default thereby making all sums under the Loan Agreement due and payable to CFHL forthwith
- All repayments of Principal and payment of interest and all other amounts by way of EMI or otherwise shall be given effect to in the Loan Account in accordance with the method of effecting payment as stated in this Loan Agreement or in this General Conditions or as adopted by CFHL from time to time.