

CUSTOMER EDUCATION PROGRAMME

INFORMATION TO BE PROVIDED TO BORROWERS BY WAY OF CUSTOMER EDUCATION

MANIPAL HOUSING FINANCE SYNDICATE LIMITED (MHFSL) in compliance with RBI/NHB directions, guidelines and clarifications on Asset Classification, Income Recognition and Provisioning in respect of loans as amended/modified from time to time classifies loan accounts of borrowers as overdue, SMA or NPA, depending upon the number of days for which the EMIs remain unpaid.

The manner in which the above classification is carried out is indicated here below:-

1. **Date of Overdue** : A loan account is treated as overdue if the EMI is not paid on due date. The account will continue to be overdue till the EMIs up to the month are paid in full.
2. **Special Mention Account (SMA) and Non-Performing Assets (NPAs)**: Loan accounts are classified as SMA i.e. SMA-0 , SMA-1, SMA-2 and also as NPAs on the basis indicated below:-

Status Category	Basis for classification
SMA-0	Non payment of EMIs up to 30 days
SMA-1	EMIs remaining un-paid for more than 30 days and up to 60 days
SMA-2	EMIs remaining unpaid for more than 60 days and up to 90 days
NPA	Non payment of EMIs for more than 90 days

Day End Process: Loan accounts are considered overdue if the EMIs remain unpaid as at the end of the day on due date. Classification of loan accounts as SMA-0, SMA-1, SMA-2 & NPA is done as at the end of the day on the calendar date for which the Day End Process is carried out. In other words, the date of SMA/NPA reflects the asset classification status of the account at the day end of the calendar date.

For example: If the due date of EMI for an account is 01.10.2023 and the full EMI is not received by 01.10.2023, the account is classified at the day end of the date as overdue on 01.10.2023.

SMA-0: If the loan account continues to remain overdue on account of non payment of EMIs then, the account shall be classified as SMA-1 on carrying out Day End Process on 01.11.2023 i.e. on completion of 30 days of being continuously overdue. Accordingly, the date of SMA-1 classification for the account will be 01.11.2023.

SMA-2: On carrying out Day End Process on 01.12.2023, the account will be classified as SMA-2 in case EMIs are not paid till that date.

NPA: The account is classified as NPA on carrying out the Day End Process on 1st January 2024 in case the EMIs are not paid till that date.

Up-gradation of NPA Accounts: Loan accounts which are classified as NPA will be up-graded to standard category of assets only if the entire arrears are paid.