

## SMA and NPA Classifications Norms

### Consumer Education Literature

HomeShree Housing Finance Limited (HHFL) in compliance Reserve Bank of India (Housing Finance Companies) Directions, 2025 has put in place Consumer Education Literature for increasing awareness among consumers w.r.t. concepts of overdue, SMA and NPA classification and upgradation, as mentioned below to ensure uniformity:

#### **Due Date**

Date(s) as mentioned in sanction letter / term loan agreement / facility agreement/ repayment schedule on which the principal / interest/ any charges levied on the loan account are payable by the borrower.

#### **Overdue Account**

An account is to be treated as overdue, if the borrower fails to pay in full the principal and/or arrears of interest or any other amount on the Due Date.

An account shall be flagged as overdue by HHFL as part of day-end processes for the Due Date, irrespective of the time of running such processes.

Example: If the due date of a loan account for making EMI payment is 05<sup>th</sup> March, 2025 and full dues are not received on 05<sup>th</sup> March, 2025 i.e. before HHFL runs the day-end process for this date, then the account shall be classified as Overdue Account and the date of overdue shall be 05<sup>th</sup> March, 2025.

#### **Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA)**

An Overdue Account is classified by the Company as SMA / NPA depending on the period for which such loan account is overdue. Such classification is done at borrower level which means all loan account(s) of a borrower will be classified as SMA or NPA depending on the status of the loan account with highest overdue days. The basis for classification of a loan account as SMA /NPA is as follow:

<b>Special Mention Account (SMA) and Non-Performing Asset (NPA)</b>	
<b>Classification Categories</b>	<b>Basis for classification - Principal or interest payment or any other amount wholly or partly overdue.</b>
SMA-0	Up to 30 days
SMA-1	More than 30 days and up to 60 days
SMA-2	More than 30 days and up to 60 days
NPA	More than 90 days

The aforesaid classification of borrower accounts as SMA / NPA shall be done as part of day-end process for the relevant date and the SMA or NPA classification date shall be the calendar date for which the day end process is run. 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 for classification as SMA/NPA**

In the below case the due date of a loan account is assumed as 05<sup>th</sup> March 2025.

<b>Payment Status</b>	<b>Upon Running day end process on</b>	<b>SMA/NPA Classification</b>
Amount due on 05 March 2025 not paid in full	05 March 2025	SMA-0
Amount due on 05 March 2025 and subsequent due amount not paid in full	04 April 2025	SMA-1
Amount due on 05 March 2025 and subsequent due amount not paid in full	04 May 2025	SMA-2
Amount due on 05 March 2025 and subsequent due amount not paid in full	03 June 2025	NPA

**Upgradation of Accounts classified as Non-Performing Asset (NPA)**

Loan account classified as NPA can be upgraded as "Standard" only if the entire arrears of interest and principal are paid in full by the borrower and there is NIL arrears upon running day end process of that calendar date.

For e.g. if a borrower is classified as NPA on 03 June 2025 with an overdue of INR 30,000/- the borrower will be upgraded to standard only after receipt of full overdue amount of interest and principal.

Please note that the aforesaid example is only illustrative and not exhaustive in nature and that the IRACP norms and clarifications provided by RBI on the subject referred above shall prevail.