

DUE DATE

Due Date means the last day of every month or any other date communicated/ notified by **India Shelter Finance Corporation Limited ("ISFCL")** as per the Loan Agreement, on which an instalment towards payment of the Principal and/ or Interest component of the Loan or EMI or PEMI or Charges is billed.

DAY END PROCESS

Classification of borrower accounts as SMA as well as NPA shall be done as part of the 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.

OVERDUE AND DATE OF OVERDUE

The Principal/ Interest/ EMI/ PEMI or any Dues levied on the Loan facility is 'Overdue' if it is not paid on or before the Due Date as contracted between the ISFCL and the borrower. The Loan account shall be flagged as overdue by ISFCL as part of their day-end processes for the Due Date, irrespective of the time of running such process.

Date of overdue shall be the date on which part or full of payable EMI/ PEMI/ Principal/ Interest/ Dues remains unpaid before running day end process on Due Date.

CLASSIFICATION OF A LOAN ACCOUNT/ BORROWER AS SPECIAL MENTION ACCOUNT (SMA) OR NON- PERFORMING ASSET (NPA)

- **SMA-0** – When an account/ borrower has overdue Principal component and/ or Interest component for a period of not more than 30 days.
- **SMA-1** – When an account/ borrower has with overdue Principal component and/ or Interest for a period of more than 30 days and up to 60 Days
- **SMA-2**– When an account/ borrower has with overdue Principal component and/ or Interest component for a period of more than 60 days and up to 90 Days
- **NPA** – Loan account with overdue Principal component and/ or Interest component for a period of more than 90 days.

ACCOUNTING METHOD USED TO ARRIVE AT THE NUMBER OF DAYS OVERDUE FOR DETERMINING THE SMA/ NPA STATUS?

Similar to the banks and other lending institutions, ISFCL uses the principle of '**First In First Out**' ("**FIFO**") in appropriation of payments into the Loan account. The FIFO principle assumes that the oldest outstanding dues in the loan account needs to be cleared first. The FIFO method thus requires that what is due first must be paid by the borrower first.

EXAMPLE OF DATE OF OVERDUE AND ASSET CLASSIFICATION

- 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 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.

SMA/NPA CLASSIFICATION AT BORROWER LEVEL

SMA/NPA reporting is borrower level as per regulatory directions and thus, overdue in any one account of a borrower will result in reporting of the borrower as SMA or NPA as the case may be.

UPGRADATION OF NPA ACCOUNTS

Loan accounts classified as NPAs shall be upgraded as 'Standard' assets only if entire arrears of Interest and Principal are paid by the borrower.

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