

## CONSUMER EDUCATION LITERATURE OF JAGRAWAL CREDITS PRIVATE LIMITED

In reference to the RBI circular with reference number RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021, which outlines Prudential Norms on Income Recognition, Asset Classification, and Provisioning, and to ensure that customers are well-informed about the repayment due dates and the status of their loan account in the event of any payment default, the key terms and conditions related to this matter are elaborated below:

1. **POS (Principal Outstanding):** The Principal Outstanding refers to the total outstanding principal balance of a loan or credit facility. It represents the amount of the original loan that remains unpaid, excluding any accrued interest, default interest, or additional charges etc.
2. **Overdue:** Any amount owed to the lender under a credit facility is considered 'overdue' if it remains unpaid beyond the agreed-upon due date. In the event of an overdue payment, the default or non-repayment is reported to credit bureaus such as CIBIL. As a result, the customer's CIBIL report will reflect the default and indicate the classification status of the account.
3. **DPD (Days past due):** DPD indicates your repayment consistency and shows if any payments have been missed, along with the number of installments missed and the duration of the delay. For a specific loan, it reflects the number of days past the due date for which any principal, interest, EMI, or installment remains overdue and unpaid, as of the end of the day.
4. **SMA (Special Mention Account):** The borrower's loan account will be classified under the SMA category, as defined below, if the borrower fails to pay any EMI by the due date, or if any outstanding dues or other amounts, in whole or in part, are overdue.

SMA Sub-categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue
SMA-0	Up to 30 days
SMA-1	More than 30 days and up to 60 days
SMA-2	More than 60 days and up to 90 days

5. **NPA (Non-performing Assets):** A loan account is classified as NPA if the borrower fails to pay any EMI for more than 90 days. Once classified as NPA, the loan account will retain this status until the borrower settles the entire arrears of principal and interest in full. Reporting to Credit Information Companies (Credit Bureaus) and regulatory bodies will be done in accordance with this norm.

### **Illustration:**

*If the due date of a loan account is 31 March 2025, and the full dues are not received before the company processes the day-end on that date, the account will be considered overdue as of 31 March 2025. If the overdue status continues, the account will be classified as SMA-1 after the day-end process on 30 April 2025, marking 30 days of continuous overdue. Therefore, the SMA-1 classification date for this account will be 30 April 2025.*

*Similarly, if the account remains overdue, it will be classified as SMA-2 after the day-end process on 30 May 2025. If the overdue status persists, the account will be classified as NPA after the day-end process on 29 June 2025.*

### **6. Up gradation of Accounts Classified as NPA:**

Once an account is classified as NPA, it can only be upgraded to 'standard' status once the borrower has paid the full arrears of both principal and interest.