CUSTOMER EDUCATION LITERATURE

Dear Customers,

Consumer Education Literature as per the revised RBI guidelines are effective from 12/11/2021.

As per the circular issued by RBI from time to time on "Prudential Framework for Resolution of Stressed Assets" requires the Lender to recognize incipient stress in Borrower/Guarantor's accounts. Accordingly, on default by the borrower/guarantor, the lender will classify the accounts as Special Mention Account (SMA 1&2) and NPA. Please note that failure of a borrower to pay the installments/other amounts due, if any, on or before the due date leads to the classification of loan account as special mention account (SMA) or Non- Performing Asset (NPA).

It is also pertinent to note that on commission of such default, Hinduja Housing Finance Ltd (HHF) is contractually entitled to enforce the security created by you. The classification of SMA or NPA is done at borrower level which means that all the loan accounts of a borrower will be classified as applicable for the loan with highest overdue days.

Dues: means, the principal / interest/ any charges levied on the loan account which are payable within the period stipulated as per the terms of sanction of the credit facility.

Overdue: means, the principal / interest/ any charges levied on the loan account which are payable, but have not been paid within the period stipulated as per the terms of sanction of the credit facility in other words, any amount due to HHF under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

Basis for classification of Loans:

The basis for classification of loan accounts as SMA & NPA are mentioned below

Classification Categories	Basis for classification – Principal or interest payment or any other amount wholly or partially 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
NPA	More than 90 days

The Borrower/Guarantor's accounts will be flagged as overdue as part of the day-end processes for the due date, irrespective of the time of running such processes. Similarly, classification of Borrower/Guarantor's accounts as SMA as well as NPA will be done as part of 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. In other words, the date of SMA or NPA will reflect the asset classification status of an account at the day-end of that calendar date as per the RBI norms applicable for NBFC.

Example:

If due date of a loan account is March 31, 2022, and full dues are not received before the lending institution runs the day-end process for this date, the date of overdue will be March 31, 2022. If it continues to remain overdue, then this account will get tagged as SMA-1 upon running day-end process on April 30, 2022 i.e., upon completion of 30 days of being continuously overdue. Accordingly, the date of SMA-1 classification for that account will be April 30, 2022.

Similarly, if the account continues to remain overdue, it will get tagged as SMA-2 upon running dayend process on May

30, 2022 and if continues to remain overdue further, it will get classified as NPA upon running day-end process on June 29, 2022.

The instructions on SMA or NPA classification of Borrower/Guarantor's accounts are applicable to all loans, including retail loans, irrespective of size of exposure.

Upgradation of accounts classified as NPAs: The loan accounts classified as NPAs may be upgraded as 'Standard' asset, only if entire arrears of interest, principal or any other dues are paid by the Borrower/Guarantor.

Impact on the credit Score: As the classification of loan accounts as SMA/NPA is getting reported to the credit information bureaus such as CIBIL, CRIF etc, the same will affect the credit score of the borrower/guarantor.

Hinduja Housing Finance Ltd.
Registered Office: 27A, Developed Industrial Estate, Guindy, Chennai 600032.
Head Office: No. 167-169, 2nd floor, Anna Salai, Saidapet, Chennai 600015.
Customer Care: 1800 3005 5955