



DMI FINANCE

**CUSTOMER AWARENESS ON CLASSIFICATION AS SPECIAL MENTION ACCOUNT (SMA)  
AND NON- PERFORMING ASSET (NPA)**

DMI Finance Private Limited (“DMI”) wishes to notify all the customers that, pursuant to **Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications dated November 12, 2021 issued by Reserve Bank of India (“RBI”)**, the Company shall recognize incipient stress in borrower accounts, immediately on default, by classifying them as **Special Mention Accounts (“SMA”)** as per below mentioned basis of classification;

“Date of overdue” means date on which Borrower accounts shall be flagged as overdue as part of the day end process.

**Example:** If the due date of loan account is 15-Mar-22 of the month and the full dues are not received before the Company runs the day-end process for this date, the borrower will be classified as under –

<b>EMI Due date</b>	<b>15-Mar-22</b>	<b>Days Past Due (DPD)</b>	<b>-</b>
EMI overdue	15-Mar-22	0-30	SMA0
EMI remains overdue (not received till day end process)	14-Apr-22	31-60	SMA1
EMI remains overdue	14-May-22	61-90	SMA2
EMI remains overdue	13-Jun-22	91 and above	NPA

**The loan accounts classified as NPAs may be upgraded as ‘Standard’ asset only if entire arrears of interest and principal are paid by the borrower.**

**Example:**

<b>Particulars</b>	<b>Scenario 1*</b>	<b>Scenario 2</b>
Loan Classification	NPA	NPA
EMI Amount	5,000	5,000
Overdue EMI	15,000	15,000
Payment Received	5,000	15,000
Balance Overdue EMI	10,000	-
Loan Classification	The borrower will continue to be reported as NPA till the entire overdue amount is paid	Standard

*\*In reference to RBI circular no. RBI/2021-2022/158 DOR.STR.REC.85/21.04.048/2021-22 dated Feb 15, 2022, the Scenario 1 (classified as NPAs may be upgraded as ‘standard’ asset only if entire arrears of interest and principal are paid) will be applicable from Oct 01, 2022.*



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**Note:**

- i. The reporting of NPA accounts will be done on DPD basis.
- ii. In case of borrowers having more than one loan from DMI, loan accounts shall be upgraded from NPA to standard asset category only upon repayment of entire arrears of interest and principal pertaining to all the loans.
- iii. The classification of an account as an NPA can have a corresponding effect on the credit scores maintained by the credit bureaus. DMI, therefore, urges all borrowers to make their EMI payments as per the due date mentioned in the loan repayment schedule. This enables an improvement in the credit score, avoidance of penalties, and improved eligibility for a top-up loan/offer.
- iv. We encourage all the borrowers to log in to the [DMI Customer Portal](#) to pay the EMIs.

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