

OVERDUE: Account will be flagged as an overdue account if as on running day-end processes (irrespective of time of running such process), entire dues are not received by the Company in its designated bank account.

Special Mention Account (SMA) : The Company will flag an account as SMA / NPA if the default subsists (as per timeline prescribed) at time of running its day-end process.

<i>SMA Sub-categories</i>	<i>Basis for classification – Principal or Interest payment or any other amount wholly or partly Overdue</i>
<i>SMA-0</i>	<i>Upto 30 days</i>
<i>SMA-1</i>	<i>More than 30 days and upto 60 days</i>
<i>SMA-2</i>	<i>More than 60 days and upto 90 days</i>

Examples:

- If a borrower's loan account is due on 9th March 20XX, and the full payment is not received by this date, the account will be marked as overdue at the end of 9th March 20XX and classified as “SMA-0”.
- If the loan account remains overdue on 8th April 20XX, meaning 30 days have passed without payment, the account will be classified as “SMA-1” on 8th April 20XX.
- If the account remains overdue for 60 consecutive days, following the day-end process on 8th May 20XX, it will be reclassified as “SMA-2” on that date.

Non-Performing Asset (NPA) classification:

Aforementioned account if remains overdue upon running 07th June 20XX day-end process it will be classified as NPA also known as Credit Impaired Asset since the company follows IND AS norms as per Companies Act, 2013.

Loan accounts classified as NPAs may be upgraded as ‘standard’ asset only if entire arrears of interest and principal are paid by the borrower. In case of borrowers having more than one credit facility from the Company, 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 credit facilities.

Note: The above examples are illustrative and subject to change based on the RBI guidelines. The asset classification of the borrower(s) would be determined based on the prevailing RBI guidelines including Master Circular issued by RBI on income recognition, asset classification and provisioning pertaining to advances. For detailed guidelines in asset classification and provisioning, please refer to RBI’s Master Circular and Master Direction available at website of Reserve Bank of India. The above SMA classification norms are subject to changes as per regulatory instructions issued from time to time.
