

## Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA)

Classification of loan account in to regular, Special Mention Account (SMA) and Non-performing Assets is governed by extant RBI guidelines. All these categories are calculated at customer level for all loans/facilities extended by the Company. A Borrower is classified as overdue if EMI due is not paid fully on fixed due date. Classification in to regular, various categories of SMA and NPA is given below in the table.

Classification	Principal/Interest overdue days
Regular	No Overdue
SMA-0	1 day to 30 Days
SMA-1	31 days to 60 Days
SMA-2	61 days to 90 Days
NPA	More than 90 Days

### Example for classification of loan and borrower in to various categories:

If EMI due date of a loan account is 11, March 2021, and full dues are not received on the same date, the account will become overdue on 11, March 2021. If it continues to remain overdue, then this account shall be classified as "SMA-1" on April 9, 2021. Similarly, if the account continues to remain overdue, this account shall be classified as "SMA-2" on 9, May 2021. If the account continues to remain overdue further, then this account shall be classified as "NPA" on 9 June, 2021.

Classification of SMA and NPA are at borrower level for all loan facilities. i.e. if borrower is having 3 loan accounts out of which first loan is not having any overdue and 2<sup>nd</sup> account is having 2 EMI overdue and 3<sup>rd</sup> account is having 4 EMIs overdue (120 Days past due- NPA), so all 3 accounts will be classified as "NPA" due to 3<sup>rd</sup> account having 4 EMIs Due.

Upgradation from NPA to standard is possible when customer level loan overdue amount is less than 90 days past due. i.e. in above example, if customer repays partial overdue amount (i.e. repays 3 EMI) of 3<sup>rd</sup> account, then this customer is classified as "SMA-2" on the date of repayment of all overdues to 2<sup>nd</sup> account customer is classified as SMA-1. If customer repays all overdues of 2<sup>nd</sup> and 3<sup>rd</sup> account, then this customer will be classified as 'Regular'. on the date of repayment.

Classification of borrower having multiple accounts with the Company is given below by way of one example.

Loan Account -1

Loan no	Due Date	EMI due	EMI received	Over-due amount	Days Past Dues (DPD)	Classification at the account level	Classification at borrower Level
123	11-02-2021	12000	12000	Nil	0	Regular	Regular
123	11-03-2021	12000	12000	Nil	0	Regular	SMA-0
123	11-04-2021	12000	12000	Nil	0	Regular	SMA-1
123	11-05-2021	12000	12000	Nil	0	Regular	SMA-2
123	11-06-2021	12000	12000	Nil	0	Regular	NPA

Loan Account -2

Loan no	Due Date	EMI due	EMI received	Over-due amount	Days Past Dues (DPD)	Classification at the account level	Classification at borrower Level
456	11-02-2021	12000	12000	Nil	0	Regular	Regular
456	11-03-2021	12000	12000	Nil	0	Regular	SMA-0
456	11-04-2021	12000	12000	Nil	0	Regular	SMA-1
456	11-05-2021	12000	12000	Nil	0	Regular	SMA-2
456	11-06-2021	12000	0	12000	31 days	SMA-1	NPA

Loan Account -3

Loan no	Due Date	EMI due	EMI received	Over-due amount	Days Past Dues (DPD)	Classification at the account level	Classification at borrower Level
789	11-02-2021	12000	12000	Nil	0	Regular	Regular
789	11-03-2021	12000	Nil	12000	1 day	SMA-0	SMA-0
789	11-04-2021	12000	Nil	24000	31 days	SMA-1	SMA-1
789	11-05-2021	12000	Nil	36000	61 days	SMA-2	SMA-2
789	11-06-2021	12000	Nil	48000	92	NPA	NPA

On repayment of all overdues i.e. 3 EMIs in Loan account -3 (Account no. 789), the Customer will come out of NPA and will be classified as SMA -1. Further, if the Customers clear overdues in all account i.e. Loan Account -3 (3 EMIs) and Loan Account -2 (1 EMI), then customer will be in 'Regular' classification and Days past due will be '0'.