

**Example of NPA / SMA**

**1. Clarification on Overdue:**

An amount is to be treated as overdue if it is not paid on the “Due Date” fixed by the Lender / Originating lender / Company and as stated in Agreement / Term sheet / KFS / any other Lending document before the company runs the day-end process for that day.

**2. Parameters for Special Mention Account / Non-Performing Assets (NPA) Classification:**

<b>Classification of Loan</b>	<b>Basis for classification – Instalment or any other amount wholly or partly Overdue</b>
SMA-0	<b>1-30 days</b>
SMA-1	<b>31-60 days</b>
SMA-2	<b>61-90 days</b>
NPA	<b>More than 90 days</b>

*Note: Loan accounts shall be classified as SMA only upon fulfilment of conditions laid down in the regulation from time to time*

**Examples for classification:**

- If due date for repayment of instalment / final repayment of a loan account of the borrower is 20<sup>th</sup> March, 2024 and full outstanding dues are not received on this date or confirmation of repayment is not provided over email by end of day, the account shall be overdue on 20<sup>th</sup> March 2024 and the loan account shall be classified as SMA-0.
- If the borrower / customer account continues to remain overdue on 20<sup>th</sup> April 2024 i.e. upon completion of 30 days of being continuously overdue, then this account shall be classified as SMA-1 on 21<sup>st</sup> April 2024.
- If the borrower / customer account continues to remain overdue upon running day-end process on 20<sup>th</sup> May 2024 i.e. upon completion of 60 days of being continuously overdue, it shall be classified as SMA-2 on 20<sup>th</sup> May 2024.
- If the borrower / customer account continues to remain overdue upon running day-end process on 19<sup>th</sup> June 2024 i.e. upon completion of 90 days of being continuously overdue, it shall be classified as NPA on 19<sup>th</sup> June, 2024 along with all other loan accounts, if any, of the borrower/s with .

*Note: The Terms referenced above shall be as defined in the lending agreement*

**3. Upgradation of accounts classified as NPAs:**

Loan / Customer account classified as NPAs may be upgraded as ‘standard’ only if entire arrears of interest and principal are paid by the borrower. With regard to upgradation of accounts classified as NPA due to restructuring, non-achievement of date of commencement of commercial operations (DCCO), etc., the instructions as specified for such cases shall continue to be applicable. For e.g., if a borrower account is classified as NPA on 20<sup>th</sup> June, 2024 with an overdue of Rs. 100,000/- (principal + interest + penal charges, if any + other expenses, if any), the borrower account will be upgraded to ‘standard’ only after receipt of full overdue amount.