

## Concepts of Date of Overdue, SMA and NPA Classification and Upgradation

### A. Dues/Overdue

**Dues** - means, the Principal / Interest/ any charges levied on the loan account which are payable within the period stipulated as per the terms & Condition of sanction of the credit facility.

**Overdue** - In line with the RBI directions, an amount (Principal/Interest/any charges) shall be treated as overdue if it is not paid on the due date fixed by the lending institutions. It is further clarified that borrower accounts shall be flagged as overdue by the lending institutions as part of their day-end processes for the due date.

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

The RBI directions on 'Prudential Framework for Resolution of Stressed Assets' requires the lenders to incipient stress in borrower accounts, immediately on default, by classifying them as special mention accounts (SMA). To remove any ambiguity, it is clarified that the intervals are intended to be continuous and accordingly, the basis for classification of SMA categories shall be as follows:

<b>SMA 0</b>	Instalment Due Date upto 30 days (1 - 30 days)
<b>SMA 1</b>	Instalment Due Date + 30 days upto 60 days (31-60 days)
<b>SMA 2</b>	Instalment Due Date + 60 days upto 90 days (61-90 days)
<b>NPA</b>	Instalment Due Date + 90 days (more than 90 Days)

#### Example:

Instalment due is,

- SMA0** - The loan accounts will be classified as SMA0 if the Instalment is not paid. For example: If due date of a loan account of the borrower is 01st April 2021 and full dues are not received on this date, the date of overdue shall be end of the day on 01st April 2021 and the loan account shall be classified as SMA-0.
- SMA1** - If overdue continues and not repaid in full even after 30 days from instalment due date, then the account will be classified as SMA1.  
  
For Example: If the loan account continues to remain overdue on 01st May 2021 i.e., upon completion of 30 days of being continuously overdue, then this account shall be classified as SMA-1 on 01st May 2021.
- SMA2** - If overdue continues and not repaid in full even after 60 days from instalment due date, then account will be classified as SMA2.  
  
For Example: If the loan account continues to remain overdue upon running day-end process on 31st May 2021 i.e., upon completion of 60 days of being continuously overdue, it shall be classified as SMA-2 on 31st May 2021.
- NPA** - On 90th day from instalment due date, the loan will move to NPA category.  
  
For Example: If the loan account continues to remain overdue upon running day-end process on 30th June 2021 i.e., upon completion of 90 days of being continuously overdue, it shall be classified as NPA on 30th June 2021 along with all other loan accounts, if any, of the borrower with Muthoot FinCorp Ltd.

### C. Upgradation of accounts classified as NPA

Loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower.

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