



CUSTOMER AWARENESS - REGARDING CLASSIFICATION OF LOAN ACCOUNT AS SMA AND NPA

CLASSIFICATION OF A LOAN ACCOUNT AS A SPECIAL MENTION ACCOUNT (“SMA”) OR NON-PERFORMING ASSET (“NPA”) BY MUTHOOT CAPITAL SERVICE LTD [“MCSL”], AS PER THE PRUDENTIAL NORMS PRESCRIBED BY THE RESERVE BANK OF INDIA (“RBI”)

The classification of a loan account as Special Menon Accounts (“SMA”)/ Non-Performing Asset (“NPA”) is dependent on the period for which any payment, including Principal component and/ or Interest component, remains overdue from a borrower. In this regard, it must be noted that an amount shall be treated as overdue if it is not paid on the due date fixed/ agreed for the loan.

If there is a default in making payment of Principal component and/ or Interest component and/ or any applicable dues, as per the terms & conditions of the loan, wholly or partly, on or before the due date specified/ notified as per the loan agreement, then such overdue loan account along with all other loan/ credit facilities availed by the borrower from the Company shall be classified as SMA or NPA as indicated in below table given below, as per RBI regulations:

Overdue Period	Classification
Upto 30 days	SMA-0
More than 30 days and upto 60 days	SMA-1
More than 60 days and upto 90 days	SMA-2
More than 90 days	NPA*

If there is any overdue in an account, the default/ non-repayment is reported with the credit bureau companies like CIBIL, CRIF High Mark, Equifax, Experian, etc. and the Bureau report of the customer will reflect defaults and its classification status and no. of days for which an account remains overdue is known as DPD (Days past due). Once an account is classified as NPA then it shall be upgraded as a ‘standard’ asset only if the borrower pays the entire arrears of interest and principal.

Illustration on due dates and NPA classification:

If the due date of a loan account is March 31, 2021, and full dues are not received before the lending institution runs the day-end process for this date, the date of overdue shall be March 31, 2021. If it continues to remain overdue, then this account shall get tagged as SMA-1 upon running the day-end process on April 30, 2021, i.e. upon completion of 30 days of being continuously overdue. Accordingly, the date of SMA-1 classification for that account shall be April 30, 2021.

Similarly, if the account continues to remain overdue, it shall get tagged as SMA-2 upon running the day-end process on May 30, 2021, and if it continues to remain overdue further, it shall get classified as NPA upon running the day-end process on June 29, 2021.

Classification	DPD (Days)	Illustration 1	Illustration 2	Illustration 3	Illustration (Leap4 year)
SMA-0	1 - 30	05-02-2022	03-06-2022	15-01-2022	15-01-2024
SMA-1	30-60	07-03-2022	03-07-2022	14-02-2022	14-02-2024
SMA-2	60-90	06-04-2022	02-08-2022	16-03-2022	15-03-2024
NPA	91	06-05-2022	01-09-2022	15-04-2022	14-04-2024

Any amount due to the lender under any credit facility is ‘overdue’ if it is not paid on the due date fixed by the Lender. If there is any overdue in an account, the default/ non-repayment is reported with the credit bureau companies like CIBIL, CRIF High Mark, Equifax, Experian, etc. and the Credit Bureau report of the customer will reflect defaults and its classification status.

Once an account is classified as NPAs then it shall be upgraded as a ‘standard’ asset only if entire arrears of interest and principal are paid by the borrower.