

## **Understanding Loan Overdues, SMA and NPA Classification**

At Srinidhi Credit Private Limited ("SCPL"), loan accounts are classified in accordance with applicable RBI guidelines. Borrowers are advised to understand the concepts of **Date of Overdue, Special Mention Accounts (SMA) and Non-Performing Assets (NPA)**.

### **1. What is the Date of Overdue?**

A loan account becomes overdue when the borrower fails to pay the amount due (principal, interest, instalment or any other amount) on the scheduled due date.

#### **Example:**

- EMI Due Date: 05 July 20xx  
Amount not paid on 05 July 20xx

The account becomes **overdue from 06 July 20xx**.

### **2. What is SMA (Special Mention Account)?**

SMA is an early warning classification for accounts where payments remain overdue for a certain period.

<b>Asset Classification</b>	<b>Basis for classification – Principal or interest payment or any other amount wholly or partly overdue</b>
Special Mention Accounts - 0	upto 30 days of delay
Special Mention Accounts - 1	More than 30 days and up to 60 days
Special Mention Accounts - 2	More than 60 days and up to 90 days
Non-Performing Asset (NPA)	More than 90 days

#### **Example:**

For example, if an instalment due on 05 July 20xx remains unpaid, the account will be classified as SMA-0 from 06 July 20xx, SMA-1 after 30 days of overdue, and SMA-2 after 60 days of overdue, based on the RBI-prescribed day-end classification process.

### **3. What is an NPA (Non-Performing Asset)?**

A loan account is classified as a Non-Performing Asset (NPA) if the principal and/or interest remains overdue for more than 90 days.

For example, if an instalment due on 05 July 20xx remains unpaid, the account will be classified as NPA upon completion of 90 days of continuous overdue status, i.e., on **04 October 20xx**.

#### **4. Day-End Process for SMA and NPA Classification**

SCPL follows the RBI-prescribed day-end process for SMA and NPA classification. Loan accounts are classified based on their overdue status as at the end of each day. If a payment is not received by the due date, the account is treated as overdue from the following day, and SMA/NPA classification is updated automatically based on the number of days the dues remain unpaid.

#### **5. Upgradation of NPA Accounts**

An NPA account may be upgraded to a Standard Asset only after all overdue principal, interest and other dues are fully cleared and the account is regularised in accordance with applicable RBI guideline

Example:

- Loan account classified as NPA due to non-payment of instalments.
- Borrower subsequently clears all overdue instalments, interest and other dues.

***Borrowers are advised to ensure timely payment of all loan instalments and maintain adequate funds for auto-debit mandates, wherever applicable. Regular monitoring of loan accounts is recommended. Timely repayment helps maintain a healthy credit profile and prevents SMA/NPA classification, which may affect future borrowing opportunities. In case of any repayment difficulties, borrowers should promptly contact SCPL for assistance***

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