



Customer Awareness & Education - Regarding Classification of Loan Account as SMA and NPA

In reference to RBI circular no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 on 'Prudential norms on Income Recognition, Asset Classification and Provisioning, pertaining to Advances – Clarifications' dated November 12, 2021 this Customer Education Literature is presented with regards to the Customer Awareness - Regarding Classification of Loan Account as SMA and NPA.

A. Clarification on Overdue:

A loan Equated Monthly Instalment (EMI) is to be treated as overdue, if it is not paid on the due date fixed by the Lender (before the Lender runs the day-end process for that day). **Due Date** is the date as specified in the Repayment Schedule on which the instalment/EMI is due to be paid.

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

The below Illustration covers the concepts of date of overdue, classification as Special Mention Account ("SMA") and Non-Performing Asset (NPA), upgradation of loan account etc.

SMA Sub-categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue
SMA-0	Upto 30 days
SMA-1	More than 30 days and upto 60 days
SMA-2	More than 60 days and upto 90 days
NPA	More than 90 days

Accordingly, the date of SMA/NPA shall reflect the asset classification status of an account at the day-end of that calendar date. An illustration of such classification is given below:

Classification as	Scenario 1	Scenario 2
Original due date	March 01, 2024	June 05, 2024
SMA-0	From March 01, 2024 end of day upto March 30, 2024 end of day	From June 05, 2024 end of day upto July 04, 2024 end of day
SMA-1	From March 31, 2024 end of day upto April 29, 2024 end of day	From July 05, 2024 end of day August 03, 2024 end of the day
SMA-2	From April 30, 2024 end of day upto May 29, 2024 end of day	From August 04, 2024 end of day September 03, 2024 end of the day
NPA	May 30, 2024 end of day	September 04, 2024 end of day

C. Upgradation of accounts classified as NPAs:

Customer classified as NPAs may be upgraded as 'standard' only if **entire arrears** of interest and principal are paid by the customer. 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.



Capfin India Limited

Regd. Office: 6th Floor, VB Capitol Building, Range Hills Road, Opp. Hotel Symphony,
Bhoslenagar, Shivajinagar, Pune, Maharashtra, India, 411007;
Email: compliance@capfinindia.in | CIN: L74999PN1992PLC243323
Contact No.: 9665523806 | Website: www.capfinindia.in

For e.g. if a customer is classified as NPA on 30 May 2022 with an overdue of Rs. 1,00,000/-, the customer will be upgraded to standard only after receipt of full overdue amount.