

AREION FINSERVE PRIVATE LIMITED

In reference to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, this Consumer Education Literature is presented with view to create Consumer awareness – Regarding Classification of Account as SMA and NPA.

A. Clarification on overdue: A loan (EMI)/ Installment or Loan with repayment at Maturity is to be treated as overdue, if it is not paid on the due date fixed by us (before we run day-end process for that day.)

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	31 days to 60 days
SMA 2	61 days to 150 days
NPA*	More than 150 days

*The period of SMA 2 & NPA shall be adjusted as per glide path outlined in Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

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	Example
Original Due Date	31 st March 2023
SMA 0	31 st March 2023 end of day
SMA 1	30 th April 2023 end of day
SMA 2	30 th May 2023 end of day
NPA	28 th August 2023 end of day

C. Upgradation of accounts classified as NPAs

Consumers classified as NPAs may be upgraded to ‘Standard’ only if entire arrears of Interest and Principal are paid by the consumer.

For e.g. if a consumer is classified as NPA on 28th August 2023 with an overdue of Rs. 50,000/-, the consumer will be upgraded to standard only after receipt of the entire overdue amount.