

Classification of Account *

1. Borrower shall pay the Principal/ Interest on or prior to the Due date as mentioned in his/her/their respective loan agreement.
2. Non -payment or delay in payment of Principal/ Interest by the Due date, shall render the Borrower liable to pay delayed payment charges as mentioned in his/her/their respective Facility Agreement / DTHD/loan agreement. The delayed payment charges till the realisation of such outstanding amount may be revised and announced by Lender / BCPL from time to time, In such an event/s, the Borrower shall also be liable to pay incidental charges and costs/damages to Lender / BCPL, as may be stipulated by Lender / BCPL in that behalf and as agreed upon in the Facility Agreement / DTHD/loan agreement.
3. If the Principal / Interest are not being paid by the borrower on the due dates the borrower's loan account shall be downgraded as under.

Loans other than Revolving facilities		Loans in the nature of Revolving facilities	
SMA Sub-categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue	SMA Sub-categories	Basis for classification – Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of:
SMA-0	Upto 30 days	-	-
SMA-1	More than 30 days and upto 60 days	SMA-1	More than 30 days and upto 60 days
SMA-2	More than 60 days and upto 90 days	SMA-2	More than 60 days and upto 90 days

4. The borrower accounts shall be flagged as overdue as SMA / NPA by the lending institutions as part of their day-end processes for the due date, irrespective of the time of running such processes. Classification of borrower accounts as SMA as well as NPA shall be done as part of day-end process for the relevant date and the SMA or NPA classification date shall be the calendar date for which the day end process is run.

Example: If 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 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.

Explanation: At the end of every calendar day, the Lender / BCPL shall run day-end process to determine whether an account will be treated as overdue or not. If the dues are not received into the designated bank account until completion of day-end process, the amount would be considered as not received and therefore will be treated as overdue.

** In case of NBFCs, the references to 90 days for SMA-2/NPA classification may be read as per the applicable norms and also subject to the provisions of the circular DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 on 'Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs'*

Classification of borrower under SMA-2 & NPA shall be read with RBI Circular DORCRE.REC.No.60103.10.001/2021-22 dated October 22, 2021 on 'Scale Based Regulation (SBR): A revised Regulatory framework for NBFCs'

5. All total overdues should be paid by the borrower on or before the due date of the payment. Failing which the account would be downgraded in accordance with the RBI guidelines / Master Direction as explained above and amended from time to time.
6. Once the loan is classified as an SMA / NPA, it shall remain so until and unless the entire full overdue amount has been paid. The reporting to Credit Bureaus and Regulatory Authorities would be in accordance. The Account can be upgraded to a standard classification on payment of entire overdues in full i.e there should be zero outstanding in the account.
7. The term " repayment" means the repayment of the principal amount of the loan, interest thereon, commitment and/ or any other charges, fees or other dues payable in terms of Facility Agreement / DTHD/loan agreement entered with the Lender / BCPL.