

**Consumer Education Literature on SMA and
NPA classification**

**STRIDE ONE CAPITAL PRIVATE LIMITED (EARLIER
KNOWN AS RISING STRAITS FINANCE PRIVATE LIMITED)**

Consumer Education Literature on SMA and NPA classification

This literature is in compliance with RBI Circular on 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications' Ref : RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021, to facilitate the consumer to have awareness on the concept of overdue, SMA and NPA classification.

A. Clarification on Overdue: An amount 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 is due to be paid.

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

A scenario of SMA/NPA classification has been illustrated below:

Scenario of SMA/NPA Classification:

<i>Classification & Upgradation of Special mention accounts (SMA)/ Non-Performing Asset (NPA):</i>	<i>Basis of Classification:</i>	
	<i>Principal or interest or any other payment remain overdue then Borrower loan account shall reflect the asset wholly or partly classification (SMA/ NPA) status of an account at the day-end of that calendar date.</i>	<i>SMA Sub-Categories</i>
<i>SMA</i>		<i>0 Upto 30 days</i>
<i>SMA-1</i>		<i>More than 30 days and upto 60 days</i>
<i>SMA-2</i>		<i>More than 60 days and upto 90 days</i>
<i>NPA</i>		<i>More than 90 days</i>
<i>Loan accounts classified as NPAs may be upgraded as 'Standard' asset only if entire arrears of interest and principal are paid by the Borrower.</i>		

If due date of a loan account is March 31, 2022, and full dues are not received before the Lender runs the day-end process for this date, the date of overdue shall be March 31, 2022. If it continues to remain overdue, then this account shall get tagged as SMA-1 upon running day-end process on April 30, 2022 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, 2022. Similarly, if the account continues to remain overdue, it shall get tagged as SMA-2 upon running day-end process on May 30, 2022 and if continues to remain overdue further, it shall get classified as NPA upon running day-end process on June 29, 2022. If any

Borrower's Dues remain overdue (wholly or partly), Borrower loan account shall reflect the asset classification (SMA/NPA) status of an account at the day-end of that calendar date. Loan accounts classified as 'NPAs' shall be upgraded as 'Standard' asset only if entire arrears of Borrower's Dues are paid by the Borrower. If repayment is not made by the due date, due process for invocation of security shall be undertaken.