



Consumer Education by STCI Finance Ltd (STCI)

Concept of Date of Overdue, SMA and NPA Classification

Overdue

Any amount due to STCI under any credit facility is 'overdue' if it is not paid on the due date stipulated by STCI.

SMA

STCI recognizes incipient stress in borrower accounts, immediately on default, by classifying such accounts as Special Mention Accounts (SMA) and the basis for classification of SMA categories are given below:

SMA Sub-categories	Basis for classification- Principal or interest payment or any other amount wholly or partly overdue
SMA-0	Up to 30 days
SMA-1	More than 30 days and up to 60 days
SMA-2	More than 60 days and up to 90 days

NPA

A) Non-Performing Asset (NPA) shall mean :

- i) an asset, in respect of which, interest has remained overdue for a period of more than 90 days.
- ii) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of more than 90 days or on which interest amount remained overdue for a period of more than 90 days.
- iii) a demand or call loan, which remained overdue for a period of more than 90 days from the date of demand or call or on which interest amount remained overdue for a period of more than 90 days.
- iv) a bill which remains overdue for a period of more than 90 days.
- v) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of more than 90 days.
- vi) the lease rental/receivables, which has become overdue for a period of more than 90 days.
- vii) in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities become non-performing asset. *That is to say*, NPA classification is borrower wise and not account wise. Hence, if one loan account of the borrower is classified as NPA, all other loan accounts of the borrower will also be classified as NPA.



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B) Upgradation of accounts classified as NPAs :

- 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.
- ii) In case of borrowers having more than one credit facility, loan accounts shall be upgraded from NPA to standard asset category only upon repayment of entire arrears of interest and principal pertaining to all the credit facilities.

Note :

1. STCI undertakes the process of classification of accounts as SMA or NPA at day-end process.
2. As per the extant regulatory guidelines, STCI has to report the account as SMA or NPA to Central Repository Information of Large Credit (CRILC), Credit Information Companies (CICs), etc. from time to time. SMA and NPA reporting at borrower level is as per regulatory guidelines and thus, overdue in any one account of the borrower will result in reporting of the borrower as SMA or NPA, as the case may be, impacting the credit history of the borrower.

Illustrations on Date of Overdue, SMA and NPA Classification

If the due date of a loan account is February 1, 2022, and full dues are not received before STCI runs the day-end process for this date, the date of overdue shall be February 1, 2022. The account shall get tagged as SMA-0 upon running day-end process on February 1, 2022 for being overdue. Accordingly, the date of SMA-0 classification for that account shall be February 1, 2022.

If it continues to remain overdue, then this account shall get tagged as SMA-1 upon running day-end process on March 3, 2022 i.e., upon completion of 30 days of being continuously overdue. Accordingly, the date of SMA-1 classification for that account shall be March 3, 2022.

Similarly, if the account continues to remain overdue, it shall get tagged as SMA-2 upon running day-end process on April 2, 2022 i.e., upon completion of 60 days of being continuously overdue. Accordingly, the date of SMA-2 classification for that account shall be April 2, 2022.

If the account continues to remain overdue further, it shall get classified as NPA upon running day-end process on May 2, 2022 i.e., upon completion of 90 days of being continuously overdue. Accordingly, the date of NPA classification for that account shall be May 2, 2022.

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