

CSL FINANCE LIMITED

Customer Awareness- Regarding Classification of Loan Accounts as SMA and NPA

Referring to “Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023” dated October 19,2023 and Vide circulars DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021 and DOR.STR.REC.85/21.04.048/2021-22 dated February 15, 2022.

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 as specified in the Repayment Schedule on which the installment is due to be paid.

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

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

Term Loans	
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
Original Due Date	5 April 2023
SMA 0	5 April 2023 end of day
SMA 1	5 May 2023 end of the day
SMA 2	4 June end of the day
NPA	4 July end of the 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.

For Example- If a customer is classified as NPA on 4 July 2023 with an overdue of Rs. 50,000/- the customer will be upgraded to standard only after receipt of full overdue amount.

Pay your installments on time which helps you build your Credit Score.

Higher Credit Score may help you get higher loan value with lower interest rates.