

CUSTOMER EDUCATION ON SMA / NPA

Svamaan Financial Services Pvt. Ltd.

CUSTOMER EDUCATION ON SMA / NPA

In compliance with the Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025 dated November 28, 2025 read with the Reserve Bank of India (Non-Banking Financial Companies – Resolution of Stressed Assets) Directions, 2025 dated November 28, 2025 (“RBI Directions”) as amended from time to time and / or as required / directed by RBI the following clarifications may kindly be noted.

Overdue: An amount is to be treated as ‘Overdue’ if it is not paid on the due date as fixed by Svamaan Financial Services Private Limited (“**SFSPL**”). The accounts are classified as overdue on a daily basis as a part of the day end process.

DPD (Days past due): It indicates whether the customer has been consistent in the repayments and if the same has been missed, how many instalments the customer has missed and by how many days. With respect to a particular loan, the number of days for which any principal/ interest/ EMI or any of its instalments for that loan is overdue and not paid as at day end process.

Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA): Pursuant to Reserve Bank of India (Non-Banking Financial Companies – Resolution of Stressed Assets) Directions, 2025 dated November 28, 2025, requires the lenders to recognise incipient stress in borrower accounts, immediately on default, by classifying them as Special Mention Accounts (SMA). It is clarified that the intervals are intended to be continuous and accordingly, the basis for classification of SMA categories shall be as follows:

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

Accordingly, the date of SMA / NPA shall reflect the asset classification status of the loan account, at the day end of that calendar date. An **illustration** of such classification is as follows:

SMA 0 – If the due date of a loan account is 31st March, and full dues are not received on this date, the account shall be SMA 0 on day end of 31st March.

SMA 1 – If the account continues to remain overdue, then this account shall get tagged as SMA-1 upon completion of 30 days of being continuously overdue i.e., 30th April.

SMA 2 – If the account continues to remain overdue, it shall get tagged as SMA-2 on 30th May.

NPA – If the account continues to remain overdue further, it shall be classified as NPA on 29th June.

Upgradation of accounts classified as NPAs: In this regard, it is clarified that loan accounts classified as NPAs may be upgraded as 'Standard' asset only if the entire arrears of interest and principal are paid by the borrower. 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.