

CONSUMER EDUCATION OF SPECIAL MENTION ACCOUNTS (SMA)/NON PERFORMING ASSETS (NPA)

(pursuant to the Direction 87 of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023)

Dear Valued Customer,

We would like to bring to your kind information the concepts of date of overdue, SMA and NPA classification and upgradation, with specific reference to day-end process.

1. Understanding SMA and NPA Classification:

When a borrower fails to make their loan instalment payments by the due date, the loan account can be classified as Special Mention Account (SMA) or Non-Performing Asset (NPA). It is essential to know that if such a default occurs, Aptus Finance India Private Limited is legally entitled to enforce the security you provided. The classification of SMA or NPA applies to all your loan accounts, and it is based on the account with the highest number of overdue days.

2. Basis for Classification:

SMA – 0	When any payment (principal and interest) is overdue up to 30 days.
SMA – 1	When any payment (principal and interest) is overdue for more than 30 days but up to 60 days
SMA – 2	When any payment (principal and interest) is overdue for more than 60 days but up to 90 days
NPA	When any payment (principal and interest) is overdue for more than 90 days

3. Classification Process:

The classification as SMA or NPA is determined during our day-end process, and the classification date is the calendar date on which the process is run. Please find below an example to illustrate this:

If your loan's due date is March 31, 2023, and full payments aren't received before our day-end process on that date, the overdue date will be March 31, 2023.

If your account remains overdue, it will be tagged as SMA-1 when our day-end process runs on April 30, 2023 (after 30 days of continuous overdue).

The account will be tagged as SMA-2 if it remains overdue when our day-end process runs on May 30, 2023. And, if it continues to remain overdue, until June 29, 2023, it will be classified as NPA on June 29, 2023.

4. Loan Account Upgradation:

A loan account classified as NPA can be upgraded to a standard asset only if the borrower pays the entire arrears of Principal and interest in full at the time of running the day-end process of that particular date.

5. Effect on Credit Score:

Please note that these classifications are reported to credit information companies. To avoid a negative impact on your credit score, we kindly request that you make your instalment and other payments on or before the due dates.

We hope this information helps you understand the process better. If you have any questions or concerns, please don't hesitate to contact our customer support at customercare@aptusfinance.com.

Thank you for choosing Aptus Finance India Private Limited.