



Customer Awareness & Education - Regarding Classification of Loan Account as SMA and NPA

In reference to *RBI Direction no RBI/DOR/2025-26/356 DOR.STR.REC.No.275/21.04.048/2025-26 - Income Recognition, Asset Classification and Provisioning Direction*, dated November 28, 2025 this Customer Education Literature is presented for increasing awareness among borrowers, explaining with examples, the concepts of date of overdue, SMA and NPA classification and upgradation, with specific reference to day-end process.

A. Overdue Status: Due Date is the date as specified in the Repayment Schedule on which the instalment/EMI is due to be paid. A loan Equated Monthly Instalment (EMI) shall be treated as overdue, if it is not paid on the due date fixed by Muthoot Homefin (India) Ltd (MHIL).

The first overdue day for the borrower’s account will be determined as part of the day-end processes for the due date by MHIL.

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

Classification of borrower accounts as SMA as well as NPA shall be done as part of day-end process for the relevant date and the SMA or NPA classification date shall be the calendar date for which the day end process is run. Thus, the date of SMA / NPA shall reflect the asset classification status of an account at the day-end of that calendar date..

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

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:

Illustration I: If due date of a loan account is March 31, 2025, and full dues are not received before the MHIL runs the day-end process for this date, the date of overdue shall be March 31, 2025.

If it continues to remain overdue, then this account shall get tagged as SMA-1 upon running day-end process on April 30, 2025 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, 2025.

Similarly, if the account continues to remain overdue, it shall get tagged as SMA 2 upon running day-end process on May 30, 2025 and if continues to remain overdue further, it shall get classified as NPA upon running day-end process on June 29, 2025.

Classification	Example
Original Due Date	31 st March 2025
SMA 0	31 st March 2025 end of day
SMA 1	30 th April 2025 end of day
SMA 2	30 th May 2025 end of 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 e.g. if a customer is classified as NPA on 30th May 2025 with an overdue of Rs. 50,000/-, the customer will be upgraded to standard only after receipt of **entire overdue** amount.