

ATMOS FINANCE PRIVATE LIMITED

CUSTOMER EDUCATION

Understanding Overdue Classification, SMA & NPA

As required under para 14.4.6 of Master Direction – RBI (NBFC–SBR) Directions, 2023

1. Introduction

Atmos Finance Private Limited ('AFPL' / 'Company') is committed to ensuring that all its customers are well informed about the key terms and conditions of their loan accounts — including the classification of loan accounts as overdue, Special Mention Accounts (SMA), and Non-Performing Assets (NPA).

This document is published in compliance with **para 14.4.6 of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (MD-SBR)**, which requires all NBFCs to publish consumer education literature — with examples — explaining the concepts of overdue classification, SMA, NPA, and account upgradation, with specific reference to the day-end process.

We encourage all borrowers to read this document carefully to understand how loan account classification works, how it affects your credit score, and what you can do to protect your credit profile.

2. Understanding the Due Date and Overdue

2.1 What is the Due Date?

The **Due Date** is the specific date mentioned in your **Repayment Schedule / Key Fact Statement (KFS)** on which your monthly instalment (EMI) is required to be paid to the Company. Your due date is personalised — it is set at the time of loan sanction and remains the same throughout the loan tenure unless formally revised

Example

If your KFS states your EMI due date is the 5th of every month, your EMI for April is due on 5th April, your EMI for May is due on 5th May, and so on.

2.2 What does 'Overdue' mean?

An amount is treated as **OVERDUE** if it is **not paid on the Due Date** — specifically, before the Company runs its **day-end process** for that day.

In plain terms: **if your EMI is due on the 5th and you have not paid by the 5th, your account will be marked overdue on the day-end process of 5th itself.** There is no grace period beyond the due date for the purpose of overdue classification — though penal charges may have their own grace period as specified in your loan agreement.

3. Special Mention Account (SMA) Classification

The **Special Mention Account (SMA)** classification is an **early warning system** used by lenders and the RBI to identify accounts that are showing signs of stress before they deteriorate into NPAs. Accounts are classified into three SMA sub-categories based on the number of days overdue:

SMA Category	Days Overdue	What it means for you
SMA-0	1 – 30 days	Your account has just become overdue. This is an early warning. Pay immediately to avoid further adverse classification.
SMA-1	31 – 60 days	Your account has been overdue for over a month. The Company will initiate contact with you. Adverse CIBIL impact begins.
SMA-2	61 – 90 days	Your account is at high risk of being classified as NPA. Legal / recovery action may be initiated. Immediate payment is critical.

4. Non-Performing Asset (NPA) Classification

A loan account is classified as a **Non-Performing Asset (NPA)** when the interest or principal instalment remains **overdue for more than 90 days** from the due date. The NPA classification is determined as part of the day-end process on the 91st day of overdue (i.e., the day the overdue period crosses 90 days).

5. Illustrations — SMA and NPA Classification by EMI Due Date

The following illustrations show how SMA and NPA classification works for different EMI due dates. **Your specific due date is mentioned in your Repayment Schedule and KFS.** Please refer to the illustration that matches your due date.

Illustration — EMI Due Date: 5th of the Month

Assumption: Customer's EMI was due on **5th March**, and the account remains unpaid.

Classification	Days Overdue	Illustration (EMI due: 5th March)	Credit Score Impact	Action Required
Standard — Current	0 days	EMI paid on or before 5th March	No impact	Continue timely payments
SMA-0	1 – 30 days	Day after 5th March to 4th April	Reported to CICs — score may be impacted	Pay immediately to avoid SMA-1
SMA-1	31 – 60 days	5th April to 4th May	Significant adverse impact on CIBIL score	Pay all overdue immediately
SMA-2	61 – 90 days	5th May to 3rd June	Severe CIBIL impact; legal action may be initiated	Contact Company urgently

NPA	More than 90 days	From 4th June onwards	Very severe CIBIL impact; affects all future credit	Contact Company immediately — legal recovery may commence
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6. Upgradation of NPA Account to Standard

An account classified as NPA can only be upgraded back to 'Standard' — i.e., removed from NPA classification — when ALL arrears of interest, principal, and charges are fully paid by the customer. The following table explains what does and does not result in upgradation:

Scenario	Result	Explanation
Full payment of all overdue — principal + interest + charges	Account upgraded to Standard	Only when ALL arrears are fully cleared does the account status improve
Partial payment — interest only	No upgradation	Partial payment does not upgrade the account
Partial payment — one instalment only	No upgradation	Only one of several missed instalments paid — does not clear the overdue
Restructured loan — revised repayment agreed	Account classified as 'Restructured Standard'	Special category — may have credit score implications; only permitted under RBI norms

Important: Partial payments — however large — do not upgrade an NPA account to Standard. The entire overdue amount (all missed EMIs + accrued interest + penal charges) must be cleared in full for upgradation. After upgradation, the account is reclassified as Standard and a fresh satisfactory track record begins.

7. Impact on Credit Score / CIBIL Report

Any overdue classification — even SMA-0 — is reported to all **Credit Information Companies (CICs)** on a **monthly basis**. Atmos Finance reports to the following CICs:

CIC	Website
TransUnion CIBIL Limited	www.cibil.com
Equifax Credit Information Services Pvt. Ltd.	www.equifax.co.in
Experian Credit Information Company of India Pvt. Ltd.	www.experian.in
CRIF High Mark Credit Information Services Pvt, Ltd.	www.crifhighmark.com

The **adverse impact on your credit score** increases progressively with the severity of overdue classification:

- SMA-0 — minor adverse impact; prompt payment will limit damage;
- SMA-1 — significant adverse impact; multiple lenders may become reluctant to extend credit;
- SMA-2 — severe adverse impact; most lenders will decline new credit applications;
- NPA — very severe adverse impact; the NPA tag can remain on your credit report for several years even after the account is settled, making it very difficult to access credit from banks, NBFCs, or other lenders.

Approved by the Board of Directors | Atmos Finance Private Limited | 26th May 2026

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