Customer Education Literature

IndoStar Capital Finance Limited **("IndoStar")** in compliance with RBI (NBFCs – Income Recognition, Asset Classification and Provisioning) Directions, 2025 specifically Clause 17. A. of Chapter II – Prudential Norms applicable to all NBFCs on Prudential Norms on Income Recognition, Asset Classification and Provisioning, has put in place Consumer Education Literature for increasing awareness among consumers w.r.t concepts of overdue, SMA and NPA classification and upgradation, as mentioned below to ensure uniformity:

Due Date

Date(s) as mentioned in sanction letter / term loan agreement/ facility agreement / repayment schedule on which the principal / interest / any charges levied on the loan account are payable by the borrower.

Overdue Account:

An account is to be treated as overdue, if the borrower fails to pay in full the principal and/or arrears of interest or any other amount on the Due Date.

An account shall be flagged as overdue by IndoStar as part of day-end processes for the Due Date, irrespective of the time of running such processes.

Example: If the due date of a loan account for making EMI payment is 5 March 2021 and full dues are not received on 5 May 2021 i.e. before IndoStar runs the day-end process for this date, then the account shall be classified as Overdue Account and the date of overdue shall be 5 March 2021.

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

An Overdue Account is classified by the Company as SMA / NPA depending on the period for which such loan account is overdue. Such classification is done at borrower level which means all loan account(s) of a borrower will be classified as SMA or NPA depending on the status of the loan account with highest overdue days. The basis for classification of a loan account as SMA / NPA is as follow:

Loans other than revolving facilities	
Classification 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

The aforesaid classification of borrower accounts as SMA / 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. In other words, the date of SMA/NPA shall reflect the asset classification status of an account at the day-end of that calendar date.

Example for classification as SMA/NPA

In the below case the due date of a loan account is assumed as 5 March 2021.

Payment Status	Upon Running day end process on	SMA/NPA Classification
Amount due on 5 March 2021 not paid in full	5 March 2021	SMA-0
Amount due on 5 March 2021 and subsequent due amount not paid in full	4 April 2021	SMA-1
Amount due on 5 March 2021 and subsequent due amount not paid in full	4 May 2021	SMA-2
Amount due on 5 March 2021 and subsequent due amount not paid in full	3 June 2021	NPA

Upgradation of Accounts classified as Non-Performing Asset (NPA)

Loan account classified as NPA can be upgraded as "Standard" only if the **entire arrears** of interest and principal are paid in full by the borrower and there is NIL arrears upon running day end process of that calendar date. 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 borrower is classified as NPA on 3 June 2021 with an overdue of JNR 30,000/- the borrower will be upgraded to standard only after receipt of full overdue amount of interest and principal.

Please note that the aforesaid example is only illustrative and not exhaustive in nature and that the IRACP norms and clarifications provided by RBI on the sub;ect referred above shall prevail.