

**SANCTION AND MOST IMPORTANT TERMS AND CONDITIONS (MITC)
OVERDRAFT FACILITY**

A. DEFINITIONS

- (i) **"Borrower"** shall mean the Applicant to whom the Facility has been granted by AU Small Finance Bank Limited ("Bank") and shall include his/her legal heirs, legal representatives, executors, administrators and permitted assigns.
- (ii) **"Account"** shall mean the account maintained by the Borrower in any of the branches of Bank across India.
- (iii) **"Facility"** means the Overdraft ("OD") facility provided or agreed to be provided by Bank to the Borrower, not exceeding in the aggregate, the amount specified under Facility Details in application Form/sanction letter/offer letter, or any other Transaction Document granted in the Account of the Borrower.
- (iv) **"Transaction Documents"** include the Terms & Conditions, Debit Mandate and all writings, sanction/offer letters and any or all other documents executed or entered into, or to be executed or entered into, by the Borrower or any other persons (as the case may be), in relation, or pertaining, to the Facility and each such Transaction Documents as amended from time to time.

B. GRANT AND UTILIZATION OF THE FACILITY

- (i) The Bank hereby agrees to grant to the Borrower, a Facility on sanction terms details of which are annexed as Schedule I, for the tenure ("**Tenure**") and the purpose ("**Purpose**") mentioned in the Sanction Letter, with overdraft limit as specified in Schedule I. Notwithstanding anything contained herein or any other Transaction Documents, the availability of the Facility is solely at Bank's discretion and the same is repayable on demand. The Facility may, without prior notice, be modified, reduced or cancelled, in whole or in part, at Bank's sole discretion, including if the limits/part of limits are not utilized by the Borrower; or in case of deterioration in creditworthiness in any manner whatsoever; or in case of non-compliance of terms and conditions of the Transaction Documents, whereupon all outstanding amounts owing under the Facility shall become immediately due and payable, forthwith on demand. The Facility is subject to review at any time or a periodic review at Bank's discretion.
- (ii) The amounts up to which the Borrower can draw under this Facility shall not at any time exceed the Facility amount. All outstanding amounts of interests, commission, discount, charges and other monies in respect of the Facility whether debited to the Account, or not, shall also be included in determining the availability of the Facility. Drawing power in connection with the Facility, means the extent to which the Borrower may make draws from time to time under the Facility, as determined by the Bank.
- (iii) In addition to any other terms, the disbursement of the Facility is contingent upon
 - a. positive credit bureau report of the Borrower and / or any of its members;
 - b. the Borrower has not been declared as a wilful defaulter or noncooperative;
 - c. the Borrower's account has not been classified and reported to RBI as Special Mention Account 1 or 2.
- (iv) The Borrower authorizes Bank to conduct credit bureau check for appraisal of Facility and disbursement of the Facility on the terms and conditions as stated under this document is subject to satisfactory credit assessment of the Borrower, solely at Bank's discretion.
- (v) The Facility shall only be utilized for the purpose for which it is sanctioned and not for any other purpose's including but not limited to speculation, illegal activities, investment in capital market/ real estate, purchase of gold in any form including but not limited to bullions, ETF, jewelry etc. If, in the opinion of Bank(which opinion shall be binding and conclusive against the Borrower), the Facility is not used/being used for the purpose, Bank may limit the Borrower from making any further drawals of the Facility.
- (vi) The Borrower further authorizes Bank to ask, demand, sue for, recover or receive, of and from all and every person all sums of money, debts, dues, effects and things which shall or may become due or owing or payable to or recoverable by Bank.
- (vii) The Facility may be renewed upon expiry of validity period with prior intimation to the Borrower. Upon such renewal, a nonrefundable renewal fees shall be debited from the Account maintained with the Bank.

C. INTEREST, COMMISSION, PROCESSING FEE

- (i) All interest, processing fee and other applicable charges shall be as per the sanction letter.
- (ii) In the event the excess drawing by the Borrower, there shall be default interest payable by the Borrower, over and above the applicable rate of interest ("**Additional Interest**").
- (iii) Upon occurrence of an Event of Default (including non submission of documents, if any), the Borrower shall be liable to pay Additional Interest, over and above the rate of interest applicable to the Facility as mentioned above. A notice to the Borrower for the levy of the Additional Interest by Bank and service of any such notice is waived.

D. REPAYMENT, PAYMENT OF INTEREST, RENEWAL FEES AND OTHER CHARGES

- (i) The Borrower shall pay/repay to Bank amounts due under the Facility without any deductions, for or on account of any taxes whatsoever, in the manner, at the rates and on respective due dates as specified in Transaction Documents.
- (ii) All Borrower's dues shall, if not paid on the respective due dates, carry Additional Interest.
- (iii) The Borrower shall pay all costs, charges and expenses in any way incurred by Bank and shall bear all stamp duty, other duties, taxes, charges including but not limited to renewal fees and penalties, including any differential/ additional duties and taxes which may be required pursuant to the provisions of the applicable laws from time to time. Bank reserves the right to debit the Borrower's Account towards such costs, charges, expenses, duties, taxes, penalties or any other charges pursuant to the Facility.
- (iv) Unless the Facility is renewed upon expiry of validity period all the outstanding amounts under the Facility shall be due and payable on the date of expiry of the Facility.

E. REPRESENTATIONS AND WARRANTIES:

The Borrower represents and warrants to Bank that:-

- (i) The Borrower shall comply with all applicable laws and the terms and conditions of the Transaction Documents and agrees that all transactions affected through internet, call centers or by such other electronic means shall constitute legally binding and valid transactions. Acceptance of terms and conditions by the Borrower as mentioned in the intimation letter shall be deemed to be the acceptance of these terms and conditions.
- (ii) No facts, circumstances or events, materially detrimental to the borrowing, the ability of the Borrower to meet its obligations hereunder and/or in respect of the Facility, and/or the financial condition of the Borrower, and/or the ability of Bank to exercise its and/or to receive due repayment and payment of the amounts due by the Borrower under the Facility, has occurred or, in the estimation of the Borrower, is likely to occur.
- (iii) The Borrower further acknowledges and confirms that the information (including documents) provided to Bank in connection with the Facility does not contain any untrue statement of a material fact, nor does it omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which such statements were or are made.
- (iv) The Borrower shall keep and maintain, all statutory books, books of accounts, bank statements and other records showing the operations and financial conditions of the Borrower and such records shall be open to examination by Bank and / or its authorized representatives.
- (v) The Borrower/Proprietor has not been declared to be a willful defaulter.
- (vi) The Borrower shall have exclusive banking relation with Bank and shall initiate relationships with other banks after seeking consent of Bank by providing a fortnight prior notice (only for Sole Banking Borrower).
- (vii) The Facility amount as provided by the Bank shall not be diverted to any sister concerns and associate concerns, if any.
- (viii) Each of the representations, warranties, covenants, declarations set out herein are true, correct, valid and subsisting in every respect and shall survive till the full payment of dues under the Facility, to the satisfaction of the Bank.
- (ix) The Borrower is not a specified near relation to any senior officer of the bank. Where the Borrower is a partnership firm/ HUF none of the partners or members of the HUF, is a specified near relation of any senior officer of the bank, and where the Borrower is a joint stock company, none of its directors, is a specified near relation of any senior officer of the bank the Borrower agrees and undertakes to route all cash flows through its bank account maintained with the Bank.

F. POSITIVE COVENANTS

The Borrower covenants and undertakes that, so long as the Facility shall remain outstanding, and until the full and final payment of all monies owing hereunder and specifically under the Facility, it will, unless Bank waives compliance thereof in writing:

- (i) Promptly inform Bank of any material litigation, arbitration or other proceedings which affect the Borrower or affect its ability to perform its obligations under this document and/or in respect of the Facility;
- (ii) Regularly pay all taxes, assessments, dues, duties, levies and impositions as may, from time to time, be payable to any government or statutory or regulatory body or authority;
- (iii) Maintain insurances on and in relation to its business and assets and properties with an insurance company / companies against such risks and to such extent as is usual and appropriately prudent for companies carrying on the business such as that carried on by the Borrower.

G. NEGATIVE COVENANTS

The Borrower covenants and agrees that so long as the Facility or any part thereof is outstanding, and until full and final payment of all monies owing hereunder, it shall not, without the prior written consent of the Bank sell, transfer or otherwise dispose of its business except in the ordinary course of business. **H. EVENTS OF DEFAULT**

- (i) The occurrence of any of the following events, including non-submission of requisite documents, or events similar thereto, shall each constitute an "Event of Default".
 - (a) If the Borrower fails to pay any sum, whether for principal or interest or otherwise due from it under the Transaction Documents and/or the Facility, at and/or within the time stipulated therefore and, in the manner, specified, therefore.
 - (b) The breach of, or omission to observe, or default by the Borrower in observing any of its, obligations or undertakings under the Transaction Documents and/or in respect of the Facility.
 - (c) Any representation or warranty or assurance or covenant on the part of the Borrower made or deemed to be made or repeated in or pursuant to the Transaction Documents or in any notice, certificate or statement or other writing referred to herein or delivered in relation to the Facility is or proves to be incorrect or misleading in any material respect.
 - (d) Any event of default by the Borrower, under any other agreement/ arrangement or other writing between the Borrower and Bank
 - (e) Any action or proceedings are started or other steps including filing of any application or petition is taken:
 - (i) under any law related to insolvency or bankruptcy resolution of the Borrower,
 - (ii) There occurs any event or situation, which in the sole opinion of the Bank, is likely to affect the businesses, operations or financial condition of the Borrower and/or its ability to perform all or any of its obligations under the Transaction Document and/or otherwise in respect of the Facility;
- (ii) The Borrower shall promptly notify the Bank in writing upon becoming aware of any Event of Default and the steps, if any, being taken to remedy it. The decision of the Bank as to whether or not an Event of Default has occurred shall be final and binding upon the Borrower.

- (iii) On or at any time after the happening of an Event of Default, Bank may (without prejudice to the other rights and remedies available to it under the Transaction Documents or under law) by notice in writing to the Borrower declare that:
 - (a) The Facility and all interest accrued and all costs, charges, expenses and other sums outstanding under this document and the Facility are immediately due and payable to the Bank, whereupon the same shall become due and payable by the Borrower forthwith in accordance with the terms of the notice without any further notice of default, presentment or demand for payment, protest or notice of non-payment or dishonor or other notice or demand of any kind or nature whatsoever; and
 - (b) Exercise any right, power or remedy permitted to it by law, including by suit, in equity, or by action at law, or both, or otherwise, whether for specific performance of any covenant, condition or term contained in this document or for an injunction against a violation of any of the terms and conditions applicable to the Facility, or in aid of the exercise of any power or right granted in this document and/or as a creditor.

I. TAXES

All payments by the Borrower under the Facility shall be made free and clear of and without any deduction / withholding, except to the extent that the Borrower is required by law to make payment subject to any deduction / withholding of taxes. The Borrower undertakes and acknowledges that it is the responsibility of the Borrower to communicate the GSTIN number of particular states for the purpose of billing. In case of unregistered Borrower, the address as given under Borrower's Details would be considered for the purpose of computation of GST. In case of unregistered Borrower, the address as given under Borrower's Details would be considered for the purpose of computation of GST. In case of registered applicants, the address given under Borrower's details shall be considered as the registered place of business for the purpose of computation of GST.

For the purpose of this clause, the term 'GST' shall include the Central Goods and Services Tax ('CGST'), the State Goods and Services Tax ('SGST'), Integrated Goods and Services Tax ('IGST'), Union Territory Goods and Services Tax ('UTGST') and any other taxes levied under the GST related legislations in India as may be applicable. The term 'GST' legislation/s' should be accordingly interpreted.

J. SET OFF

Without prejudice to any rights of Bank, Bank shall have a paramount lien and right of set-off against all monies of the Borrower standing to the credit of the Borrower in any account(s) of the Borrower with Bank and the Borrower authorizes Bank to debit the account(s) of the Borrower with Bank or to apply any credit balance to which the Borrower is entitled on any account of the Borrower with Bank in satisfaction of any sum, whether for principal or interest or otherwise due and payable by the Borrower to Bank under the Transaction Documents. Nothing herein contained shall prejudice or adversely affect any general or special lien or right to set-off to which Bank is or may by law or otherwise be entitled or any rights or remedies of Bank including in respect of any present or future security, guarantee, obligations of the Borrower.

K. RIGHT OF INSPECTION

The Borrower shall permit Bank, its officers, employees, agents, regulators, to carry out technical, financial and legal inspections of its premises, and provide free access at all reasonable times to its premises and shall provide full cooperation and assistance to Bank or other persons as aforesaid for the purpose of carrying out such inspection and render such explanation or elucidation as may be required by Bank and/or its nominees(s) and allow the taking of any copies of or extracts of any accounts/records.

L. ASSIGNMENT

The Borrower shall not assign or transfer all or any of its rights, benefits or obligations under the transaction documents without the prior written approval of Bank. Bank may, at any time, assign, securitize, novate or transfer all or any of its rights, benefits and obligations under the transaction documents or share the credit risk of the whole or a part of the Facility with any other person by way of participation. Notwithstanding any such assignment, transfer or participation, the Borrower shall, unless otherwise notified by Bank, continue to make all payments under the Transaction Documents to Bank and all such payments when made to Bank shall constitute a full discharge to the Borrower from all of his liabilities in respect of such payments.

M. NOTICE

The Bank may give notice of any matter under any Transaction Documents and/or in connection with the Facility, in writing, by delivering them by hand or by sending them by post to the last address as given by the Borrower or by way of email on the email address recorded with the Bank (deemed to be written communication) or on its website or any other mode as may be deemed fit by Bank.

N. MISCELLANEOUS

- (i) Unless otherwise agreed to by the Bank any payment due and payable under the Transaction Documents and made by the Borrower or received by the Bank would be appropriated in the manner as deemed fit by the Bank
- (ii) The entries made in the account books or records of Bank, maintained in accordance with its usual practice and in compliance with the statutory requirements, or any statement signed by a designated officer of Bank with respect to the Facility shall be final and binding on the Borrower and shall be conclusive evidence of the outstanding obligations of the Borrower towards Bank in accordance with the laws of India.
- (iii) The Bank has the right to disclose all or nay information and data relating to the Borrower, the Facility, Transaction Documents and default, if any, to any credit bureau or any such other agency so authorized to use and/or process the aforementioned information and date so disclosed in any manner as they deem fit.
- (iv) Acknowledgement of Debt: Upon receipt from Bank for statements giving details of:
 - a. The aggregate debit balance in the account as on the date(s) stated in such statement(s).
 - b. The further applicable accrued interest from the aforesaid date(s) mentioned in the aforesaid statement(s).

- (v) The Bank has the absolute discretion to amend or supplement the Transaction Documents, including making changes based on guidelines/ directives issued by the RBI, from time to time and will endeavor to give prior notice by email or in newspaper or put up the same on the website of the Bank, as the case may be, wherever feasible and such amended terms and conditions will thereupon be binding on the Borrower.

O. GOVERNING LAW AND JURISDICTION

All Transaction Documents and the Facility shall be governed by and construed in accordance with the laws of India. Any suits or legal proceedings arising out of or in relation to the Facility shall be subject to the competent courts / tribunal of India. All terms and conditions mentioned herein are subject to amendments as may be required to comply with RBI guidelines / Bank’s policies from time to time.

P. ARBITRATION

This OD Facility shall be governed by and construed in accordance with Indian law and any dispute arising out of this or its terms shall be subject to the exclusive jurisdiction of the courts in Jaipur. All matters, questions, disputes, default, difference and or claims arising out of and/or concerning and/or in connection and/or in consequence of breaches, termination or invalidity thereof or relating to this Agreement, whether or not obligations of either or both parties under this Agreement be subsisting at the time of such dispute and whether or not this agreement has been terminated or purported to the terminated or completed shall be settled by arbitration in accordance with the provision of Arbitration and Conciliation Act 1996 or any statutory amendment thereof and shall be referred to the sole arbitrator to be nominated by the Bank. The award given by the sole arbitrator shall be final and binding on all parties to the Agreement. The seat of arbitration shall be Jaipur, Rajasthan.

Annexure- I: Example of SMA, NPA classification and NPA upgradation

Example No. - 1

IRAC Circular Refer Para No. 2.1.2 (ii) - the account remains 'out of order' as indicated at paragraph 2.2 below, in respect of an Overdraft/Cash Credit (OD/CC)

Para No. 2.2 (Part 1) - An account should be treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power for 90 days.

Example Description - SMA and NPA Classification on Revolving Facility like Cash Credit / Overdue cases based on Out of Order (Part 1).

Example: If outstanding balance is in excess of sanctioned limit/drawing power of a revolving facility like cash credit / overdraft account is March 31, 2021, and amount are not received before the lending institution runs the day-end process for this date, the date of overdue shall be March 31, 2021. If it continues to remain excess of sanctioned limit/drawing power, then this account shall get tagged as SMA-1 upon running day-end process on April 30, 2021 i.e. upon completion of 30 days of being continuously in excess of sanctioned limit/drawing power. Accordingly, the date of SMA-1 classification for that account shall be April 30, 2021.

Similarly, if the account continues to remain in excess of sanctioned limit/drawing power, it shall get tagged as SMA-2 upon running day-end process on May 30, 2021 and if continues to remain in excess of sanctioned limit/drawing power further, it shall get classified as NPA upon running day-end process on June 29, 2021. This is further elaborated as below mentioned table:

Date	DPD	Classification
31-Mar-21 (Outstanding Balance is Excess of Sanction Limit / Drawing Power*)	1	-
30-Apr-21	31	SMA-1
30-May-21	61	SMA-2
29-Jun-21	91	NPA

* Outstanding Balance can be treated in Excess of Sanctioned Limit / Drawing Power if any Revolving facility (i.e. Overdraft / Cash Credit) Limit provide by bank is Rs. 1 Lacs and Utilization of customer is more than Rs. 1 Lacs

IRAC Circular Refer Para No. 4.2.5 - If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as 'standard' accounts.

Example Description - Upgradation of NPA Account: loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower and all the excess amount of limit sanctioned to borrower is also paid.

Date	DPD	Classification
31-Mar-21 (Outstanding Balance is Excess of Sanction Limit / Drawing Power*)	1	-
30-Apr-21	31	SMA-1
30-May-21	61	SMA-2
29-Jun-21	91	NPA
30-Jun-21	-	Upgrade**

* Outstanding Balance can be treated in Excess of Sanctioned Limit / Drawing Power if any Revolving facility (i.e. Overdraft / Cash Credit) Limit provide by bank is Rs. 1 Lacs and Utilization of customer is more than Rs. 1 Lacs (say Rs. 1,10,000)

**Upgradation of Account to standard is Possible after excess amount of limit is received from borrower of Rs. 10,000 and entire arrears of interest and principal are paid by the borrower

Example No. - 2

IRAC Circular Refer Para No. 2.1.2 (ii) - the account remains 'out of order', in respect of an Overdraft/Cash Credit (OD/CC)

Circular refer Para No. 6 (ii) - An account should be treated as 'out of order', the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days, or the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited during the previous 90 days period

Example Description - NPA Classification on Revolving Facility like Cash Credit / Overdue cases based on Out of Order.

Example: If Prior 90 Days Interest charged/debited in revolving facility like cash credit / overdraft account is more than credit received on account then it shall get classified as NPA upon running day-end process as on Date. The same is explain as below mention table:

Date	Transaction Detail	Amount	Classification
01-Jan-21	Customer Use the Limit of Cash Credit Overdraft Account	100000	-
31-Jan-21	Debit Interest	1500	-
15-Feb-21	Customer paid the amount	2000	-
28-Feb-21	Debit Interest	1500	-
31-Mar-21	Debit Interest	1700	NPA*

* NPA is classified due to Interest Charged in last 90 Days is Rs. 4700 (i.e. 1500 + 1500 + 1700) and Credit are received only is Rs. 2000. which is less than the interest charged

IRAC Circular Refer Para No. 4.2.5 - If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as 'standard' accounts.

Example Description - Upgradation of NPA Account: loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower and last 90 Days' interest should be less than credit received during the same period.

Date	Transaction Detail	Amount	Classification
01-Jan-21	Customer Use the Limit of Cash Credit / Overdraft Account	100000	-
31-Jan-21	Debit Interest	1500	-
15-Feb-21	Customer paid the amount	2000	-
28-Feb-21	Debit Interest	1500	-
31-Mar-21	Debit Interest	1700	NPA*
30-Apr-21	Debit Interest	1750	-
10-May-21	-	-	Upgrade**

* NPA is classified due to Interest Charged in last 90 Days is Rs. 4700 (i.e. 1500 + 1500 + 1700) and Credit are received only is Rs. 2000. which is less than the interest charged

**Upgradation of Account to standard can be done after Last 90 Days Interest charged are less than credit received and all interest arrear is recovered i.e. Interest Charges is Rs. 6450 (i.e. 1500+1500+1700+1750) and Credit is Rs. 2000. However, borrower need to pay Rs. 4450 (i.e. 6450 - 2000)

Example No. - 3

IRAC Circular Reference Para No. 4.2.4 (a & b) - Accounts with temporary deficiencies

Para No. 4.2.4 (a) - Banks should ensure that drawings in the working capital accounts are covered by the adequacy of current assets, since current assets are first appropriated in times of distress. Drawing power is required to be arrived at based on the stock statement which is current. However, considering the difficulties of large borrowers, stock statements relied upon by the banks for determining drawing power should not be older than three months. The outstanding in the account based on drawing power calculated from stock statements older than three months, would be deemed as irregular.

Para No. 4.2.4 (b) - A working capital borrowal account will become NPA if such irregular drawings are permitted in the account for a continuous period of 90 days even though the unit may be working or the borrower's financial position is satisfactory.

Example Description - NPA Classification on Cash Credit account based on Stock Statement is not Updated.

Example: If Stock statement is received of a cash credit account as on March 31, 2021, and further updated stock statement is not received . It shall get classified as NPA upon running day-end process on September 27, 2021. The same is explained in below mention table:

Date	Classification
31-Mar-21 (Stock Statement Received)	-
27-Sep-21	NPA

IRAC Circular Refer Para No. 4.2.5 - If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as 'standard' accounts.

Example Description - Upgradation of NPA Account: loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower and received updated stock statement (i.e. Stock Statement Date should be between last 179 days)

Date	Classification
31-Mar-21 (Stock Statement Received)	-
27-Sep-21	NPA
25-Oct-21	Upgrade*

*Upgradation of Account to standard is Possible after receiving updated stock statement (The Date of Stock Statement between 29-4-2021 to 25-10-2021) and entire arrears of interest and principal are paid by the borrower.

Example No. - 4

IRAC Circular Reference Para No. 4.2.4 (c) - Accounts with temporary deficiencies

Para No. 4.2.4 (c) - Regular and ad hoc credit limits need to be reviewed/ regularised not later than three months from the due date/date of ad hoc sanction. In case of constraints such as non-availability of financial statements and other data from the borrowers, the branch should furnish evidence to show that renewal/ review of credit limits is already on and would be completed soon. In any case, delay beyond six months is not considered desirable as a general discipline. Hence, an account where the regular/ ad hoc credit limits have not been reviewed/ renewed within 180 days from the due date/ date of ad hoc sanction will be treated as NPA.

Example Description - NPA Classification on Revolving facility based on renewal is not to be reviewed.

Example: If Renewal is due of a revolving facility account as on March 31, 2021, and further renewal of account is not done. It shall get classified as NPA upon running day-end process on September 27, 2021. It is further explained in below mention table:

Date	Classification
31-Mar-21 (Renewal Due Date)	-
27-Sep-21	NPA

IRAC Circular Refer Para No. 4.2.5 - If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as 'standard' accounts.

Example Description - Upgradation of NPA Account: loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower and updated renewal done (i.e. Renewal Date should be between last 179 days)

Date	Classification
31-Mar(Renewal Due Date)	-
27-Sep-21	NPA
25-Oct-21	Upgrade*

*Upgradation of Accounts to standard can be done post renewal (The Date of Renewal between 29-4-2021 to 25-10-2021) and after entire arrears of interest and principal are paid

Example No. – 5

IRAC Circular Reference Para No. 4.2.7 (c) - Asset Classification to be borrower-wise and not facility-wise

Para No. 4.2.7.1 -It is difficult to envisage a situation when only one facility to a borrower/one investment in any of the securities issued by the borrower becomes a problem credit/investment and not others. Therefore, all the facilities granted by a bank to a borrower and investment in all the securities issued by the borrower will have to be treated as NPA/NPI and not the particular facility/investment or part thereof which has become irregular.

Example Description - NPA Classification on based on borrower wise and not facility wise.

Example: If any Facility of customer is classified as NPA upon running day-end process as on date, all the facility of the customer need to be classified NPA upon same day. It is further explained as below mention table:

Customer ID	Facility Name	Date	NPA Reason
A	Term Loan 1	29-Jun-21	NPA Classified as per above Example NPA Classified Due to Customer A term Loan 1 is classified NPA
A	Term Loan 2	29-Jun-21	
A	Cash Credit / Overdraft	29-Jun-21	

IRAC Circular Refer Para No. 4.2.5 - If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as 'standard' accounts.

Example Description - Upgradation of NPA Account: loan accounts classified as NPAs may be upgraded if arrears of interest and principal are repaid in all the facilities of the borrower

Customer ID	Facility Name	Date	NPA Reason
A	Term Loan 1	29-Jun-21	NPA Classified as per above Example
A	Term Loan 2	29-Jun-21	NPA Classified Due to Customer A Term Loan 1 is classified NPA
A	Cash Credit / Overdraft	29-Jun-21	
A	Term Loan 1	15-Jul-21	Upgrade*
A	Term Loan 2	15-Jul-21	
A	Cash Credit / Overdraft	15-Jul-21	

*Upgradation of Borrower's accounts to standard can be done if arrears of interest and principal are repaid in all the facilities of the borrower.