

Delay in Payment of dues and consequences thereof

The J & K Bank Limited honours the creditworthiness and reputation of its customers and wishes the same remains intact. However, may appreciate that this can be achieved by exhibiting due financial discipline on part of the borrower which includes timely repayment of the dues. Needful to mention here even a single day default is being monitored and affects the credit history of the borrower and the Bank as per the directives of Reserve Bank of India has to classify overdue loan accounts as Special Mention Accounts(SMA) as per the following categorization:

	Loans other than revolving facilities	Loans in the nature of revolving facilities like cash credit/overdraft
SMA Sub-categories	Basis for classification - Principal or interest payment or any other amount wholly or partly overdue between	Basis for classification - Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of:
SMA-0	1-30 days	---x
SMA-1	31-60 days	31-60 days
SMA-2	61-90 days	61-90 days

(Overdue: Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.)

Reporting: The Bank is under obligation as per the regulatory guidelines to report credit information, including classification of an account as SMA to Central Repository Information of Large Credit (CRILC) and Credit Information Companies (e.g. CIBIL). Said information is accessible to any financier and as such has a negative impact on credit rating and market reputation of the borrowers.

Consequences: The track record of the accounts is taken into consideration at the time granting any new loan facility and renewal/enhancement. The implication of delayed payment of dues includes impairment of credit history and may also result in higher cost of borrowings for the borrower.