



**Consumer education literature on SMA and NPA
classification**

Version 01

Approved

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By



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Objectives:

Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025.Has stipulated that with a view to increasing awareness among its borrowers, NBFCs should place consumer education literature on their websites, explaining with examples, the concepts of date of overdue, SMA and NPA classification and upgradation.

Concepts:**Due:**

Indicates the principal/interest/any amount levied on the loan account which are payable within the period stipulated as per the terms of credit facility extended by the Company.

Due date/repayment date:

It is the date on which the principal / interest / any charges levied on the loan account are payable as mentioned in sanction terms/loan agreement.

Overdue:

An amount is to be treated as overdue if it is not paid on the due date fixed by the NBFCs. The exact due dates for repayment of a loan, frequency of repayment, breakup between principal and interest, shall be clearly specified in the loan agreement. The borrower accounts shall be flagged as overdue by the lending institutions as part of their day-end processes for the due date.

SMA classification:

The Company shall recognize incipient stress in loan accounts, immediately on default, by classifying such assets as special mention accounts (SMA) as per the categories specified below:

SMA Subcategories	Basis for classification- Principal or interest payment or any other amount wholly or partly overdue
SMA-0	Up to 30 days
SMA-1	More than 30 days up to 60 days
SMA-2	More than 60 days up to 90 days

NPA Classification:

Classification of borrower accounts as NPA shall be done as part of day-end process for the relevant date and NPA classification date shall be the calendar date for which the day-end process is run.

A NPA is a loan where interest and/or instalment of principal remains overdue for a period of 90 days or more in respect of a loan.

The examples of SMA and NPA classification mentioned below are illustrative and not exhaustive in nature and relate to general scenarios.

Illustration:

Illustration for classification of borrowers account as SMA/NPA for easy reference (All dates mentioned herein are for illustration purpose only)- If due date of a loan account repayment is April 05, 202X and the payment is not received by the Company before the day-end process is run, then indicative SMA/NPA classification shall be as follows:

Monthly due date	Payment status	Days Overdue	SMA/NPA classification date#	SMA/NPA classification date#
February 05, 202X	Amount due on 05-Feb-202X not paid in Full	Up to 30 days	Feb 05, 202X	SMA-0
	Amount due on 05-Feb-202X still not paid in full and the subsequent due amount also not paid	From 31 days to 60 days	Mar 05, 202X	SMA-1
	Amount due on 05-Feb-202X still not paid in full and the subsequent due amount also not paid	From 61 days to 90 days	Apr 05, 202X	SMA-2
	Amount due on 05-Feb-202X still not paid in full and the subsequent due amount also not paid	91 days or more	May 05, 202X	NPA

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

The loan account classified as NPA can be upgraded as “Standard” only if the entire arrears of interest, principal and any other amount due are paid in full and there is NIL arrears upon running day end process of that calendar date.

The above asset / SMA classification norms are subject to changes as per regulatory instructions issued from time to time.