

Prudential norms on Asset Classification of Loan account as per guidelines issued by the RBI.

Tenmark Capital Private Limited is registered with the Reserve Bank of India (RBI) as a non-deposit taking, non-banking financial company (NBFC).

With a view to increase awareness among the borrowers, consumer education literature has been placed by explaining the concepts of Overdue, Special Mention Account (SMA), Non-Performing Asset (NPA) classification and Upgradation to Standard asset.

The examples quoted in the document are illustrative and not exhaustive in nature and relate to general scenarios. The guidelines and clarifications issued by the RBI will prevail for implementation and may be amended from time to time by the RBI.

Ref: Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023((Updated as on February 27, 2025)

Definitions

I. Dues: Principal/interest/ any charges levied on the loan account which are payable within the due date stipulated as per the terms of sanction of the credit facility.

II. Overdue: Principal/interest/ any charges levied on the loan account which are payable but have not been paid within the due date stipulated as per the terms of sanction of the credit facility. In other words, any amount due to the NBFC under any credit facility is 'overdue' if it is not paid within the due date.

The company classifies borrower accounts as SMA/NPA as part of day-end process for the relevant date and the SMA/NPA classification date is the calendar date for which the day end process is run.

Classification of SMA and NPA

Lenders are required to recognize the incipient stress in borrower's accounts immediately on Default, by classifying them as SMA. Such accounts if not regularized within 90 days gets classified as NPA. The basis of classification of SMA & NPA is as follows:

Loans other than revolving facilities		Loans in the nature of cash credit/overdraft	
SMA/NPA Categories	Basis for classification – principal or interest payment or any other amount wholly or partly overdue	SMA/NPA Categories	Basis for classification – Outstanding balance remain continuously in excess of the sanctioned limit or drawing power whichever is lower for a period of:
SMA-0	Upto 30 days		
SMA-1	More than 30 days and upto 60 days	SMA-1	More than 30 days and upto 60 days
SMA-2	More than 60 days and upto 90 days	SMA-2	More than 60 days and upto 90 days
NPA	More than 90 days	NPA	More than 90 days

An illustration of asset classification is given below:

Asset Classification	Date
Original Due Date	31 March 2024-25
SMA-0	31 March 2024-25 End of the day
SMA-1	30 April 2024-25 End of the day
SMA-2	30 May 2024-25 End of the day

NPA	29 June 2024-25 End of the day
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SMA/NPA classification: SMA/NPA classification is at borrower level as per the regulatory guidelines and hence, overdue in any one account of the borrower will result in reporting of the all the credit facilities of the borrower as SMA/NPA.

Upgradation of accounts: Loan accounts classified as NPAs are upgraded to 'Standard' asset only if the entire arrears of interest and principal pertaining to credit facilities are paid by the borrower. In case of borrowers having more than one credit facility from the lender, loan accounts shall be upgraded from NPA to standard asset category only upon repayment of entire arrears of interest and principal pertaining to all the credit facilities.