



Customer Education on SMA AND NPA Classification

The Reserve Bank of India (“RBI”) has issued Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025 dated November 28, 2025 (“Prudential Norms”). It provides clarifications and instructions with a view to ensure uniformity in implementation of Prudential norms.

1. Key Terms

- a. **Overdue:** An amount is to be treated as overdue if it is not paid on the due date fixed by Jio Credit Limited (“JCL”) before it runs the day-end process for that day.
- b. **Due Date:** A date specified in the repayment schedule on which the amount/ instalment due is to be paid.

2. Classification as Special Mention Account (SMA)

The Prudential Norms require the lenders to recognise incipient stress in borrower accounts, immediately on default, by classifying them as SMAs. An account/ facility would be classified as SMA category if the amount due and payable to JCL is not paid by the borrower by the due date. Basis aging of overdues, JCL reports the borrower under the following SMA categories:

Loans other than revolving facilities		Loans in the nature of revolving facilities like cash credit	
SMA sub categories	Basis for classification - Principal or interest payment or any other amount wholly or partly overdue:	SMA sub categories	Basis for classification - Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever lower, for a period of:
SMA-0	Up to 30 days	NA	NA
SMA-1	More than 30 days and up to 60 days	SMA-1	More than 30 days and up to 60 days
SMA-2	More than 60 days and up to 90 days	SMA-2	More than 60 days and up to 90 days



Classification as Non-Performing Asset (NPA)

A loan/ advance shall be classified as an NPA where:

- a. An asset, in respect of which, interest has remained overdue for a period of more than 90 days.
- b. A term loan inclusive of unpaid interest, when the instalment is overdue for a period of more than 90 days or on which interest amount remained overdue for a period of more than 90 days.
- c. A demand or call loan, which remained overdue for a period of more than 90 days from the date of demand or call or on which interest amount remained overdue for a period of more than 90 days.
- d. A bill which remains overdue for a period of more than 90 days.
- e. The interest in respect of a debt or the income on receivables under the head 'other current assets' in the nature of short-term loans/ advances, which facility remained overdue for a period of more than 90 days.
- f. Any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of more than 90 days.
- g. The lease rental and hire purchase instalment, which has become overdue for a period of more than 90 days, provided that JCL classifies each such account on the basis of its record of recovery.
- h. The balance outstanding under the credit facilities (including accrued interest) in respect of loans, advances and other credit facilities (including bills purchased and discounted), made available to the same borrower/ beneficiary when any of the above credit facilities becomes a non-performing asset.
- i. Classification of the borrower account as NPA shall be done as part of the day end process of the relevant date and the NPA classification date shall be the calendar date for which the day end process is run.
- j. Accordingly, the date of SMA/ NPA shall reflect the asset classification status of an account at the day end of that calendar date (“**EOD**”). An illustration of such classification is given below:

CLASSIFICATION	DATES
Original Due Date	March 31, 2021
SMA- 0	March 31, 2021 EOD
SMA -1	April 30, 2021 EOD
SMA -2	May 30, 2021 EOD
NPA	June 29, 2021 EOD



3. Stage-Wise NPA Movement

CATEGORY	DEFINITION
Standard Assets	Standard Asset means the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business.
Sub-standard Assets	Sub-standard Asset means either of the following: (1) an asset which has been classified as non-performing asset for a period not exceeding 12 months. (2) an asset, where the terms of the agreement regarding interest and/ or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.
Doubtful Assets	Doubtful Asset means (i) a term loan, or (ii) a lease asset, or (iii) a hire purchase asset, or (iv) any other asset, which remains a sub-standard asset for a period exceeding twelve months.
Loss Assets	Loss Asset means either of the following: (i) an asset which has been identified as loss asset by JCL or its internal or external auditor or by the Reserve Bank during the inspection of JCL, to the extent it is not written off. (ii) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

4. Upgradation of Accounts Classified as NPA

- Loan accounts classified as NPAs may be upgraded as 'standard' assets only if entire arrears of interest and principal are paid by the borrower.
- Partial payments, such as paying only the interest or only one instalment, will not result in the upgradation of the loan account. An NPA loan account will remain as such until the entire outstanding amount is repaid.
- In case of borrowers having more than one credit facility, 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.