

**Typical reasons observed for the divergence in asset classification during
Supervisory Cycle 2024-25 for NBFCs:**

1. Evergreening the loan facilities of the borrower group for a long time by issuing new facilities to repay earlier ones and restructuring through extended tenures and moratoriums.
2. An NPA loan account was upgraded to standard category without the repayment of entire arrears of principal and interest amount by the borrower. Also, additional loan was sanctioned to the borrower.
3. The loan account was rescheduled but the same was not classified as substandard.
4. Sanction of new loans to close existing NPA accounts.
5. Loan accounts were classified as Sub-standard / D1/D2 when other credit facilities made available to the same borrower was classified at a more severe NPA category.
6. DCCO related:
 - a. **Non-Achievement of DCCO** - The project failed to commence commercial operations within stipulated timeline.
 - b. Cost overrun while carrying out change in Management and extension of DCCO while undertaking change in management for second time.