Consumer Awareness Literature

Housing and Urban Development Corporation Ltd (HUDCO) in compliance with **Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025** as amended from time to time and/or as required/directed by RBI, shall classify and notify facility as overdue, SMA/NPA. Further upgradation of such accounts shall also be guided by the aforementioned clarification.
Below is the manner in which such classification and upgradation will be undertaken by the Company.

Date of overdue:

Account will be flagged as an **overdue account if so, as part of their day-end processes for the due date, irrespective of the time of running such processes**

Similarly, classification of borrower accounts as SMA as well as NPA shall be done as part of day-end process for the relevant date and the SMA or NPA classification date shall be the calendar date for which the day end process is run. Thus, the date of SMA / NPA shall reflect the asset classification status of an account at the day-end of that calendar date

Example for **date of overdue**: If **due date** of a loan account is **31 March 2025**, and entire dues are not received before the Company runs the day-end process for this date, the **date of overdue** shall be **31 March 2025**.

Special Mention Account (SMA) classification:

The Company will flag an account as **SMA / NPA** if the default subsists (as per timeline prescribed) at time of running **its day-end process**.
The classification parameter as provided in RBI IRACP Norm Clarifications are as follows:

Loans / Facilities	
SMA Sub-Categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue
SMA-0	Upto 30 days
SMA-1	More than 30 days and upto 60 days
SMA-2	More than 60 days and upto 90 days

SMA-1 Classification:

In continuation of above example, if the account remains overdue upon running 30 April 2025 Day-end process it will be classified as **SMA-1.**

SMA -2 Classification:
Similarly, if the above account remains overdue upon running 30 May 2025 Day-end process it will be classified as SMA 2.

Non-Performing Asset (NPA) classification:

Afore mentioned account if remains overdue upon running 29 June 2025, day-end process it will be classified as NPA also known as Credit Impaired Asset since the company follows IND AS norms as per Companies Act, 2013.

Upgradation of accounts classified as NPAs

Once an account is classified as NPA, it shall **only be upgraded** as standard asset (SMA-0/ SMA-1/ SMA-2) upon **payment of entire arrears** of interest and principal by the borrower at the time of running the day-end activity of that particular date.

Existing instructions as specified for accounts classified as NPA due to restructuring, non-achievement of date of commencement of commercial operations (DCCO), etc. shall continue to be applicable.

Note: HUDCO maintains its books of accounts as per IndAS & classification of borrowers is done accordingly. The asset classification of the borrowers would be determined based on the prevailing RBI guidelines including Master Circular issued by RBI on income recognition, asset classification and provisioning pertaining to advances. The above asset / SMA classification norms are subject to changes as per regulatory instructions issued from time to time.