

**BAD DEBTS POLICY**

**1) Purpose:**

To provide a corporate approach to the writing off of bad and irrecoverable debts whilst seeking to maximize the opportunity for collection thereby minimizing the need for write off. The policy also establishes a disciplined approach across the Authority for the writing off of irrecoverable debts so that resources can be focused on potentially recoverable debt.

**2) Introduction:**

MITCON is committed to ensuring that all reasonable steps are taken to recover a debt before considering write off. An effective write off policy is essential to good recovery. It ensures that bad debt is identified quickly and allows resources to be concentrated where they are most productive.

This policy explains how MITCON will administer and control the writing off of irrecoverable debts.

**3) Objectives of Policy:**

- a) To ensure that bad debt write-offs are authorized at appropriate levels.
- b) To ensure that only bona fide bad debts are written off.
- c) To ensure firmness in writing off bad debts.

**4) Provision for Debts:**

- a) A provision for doubtful debt is required when an outstanding sum of money owed to MITCON that has not been paid, despite repeated efforts to collect the debt.
- b) It may be mentioned that recoverable are only written off as a bad debt in very exceptional circumstances, as continued efforts are made to collect any outstanding recoverable.
- c) It may be noted that the bad debts are debts which cannot be economically recovered.
- d) The Board of Directors will be informed only cases of bad debts written off. For the provisioning, the Managing Directors are authorized to take the final decision.
- e) The credit period of the company differs from assignment to assignment. Clientele of the divisions are different and nature of services are of varied nature.
- f) The provision for Bad and Doubtful debts is being made on case to case basis.

**5) Responsibility:**

The Chief Financial Officer, two of business heads excluding the business heads concerning the Bad Debt and Legal shall be responsible for implementation of this policy.

**6) Applicability for write-off**

- i) Receivable of more than 24 months;
- ii) Legal remedies exhausted or not economical
- iii) Client receivable not to exceed Rs. 2.50 Lakh or 0.05% of total revenue, whichever is lower for an individual client and
- iv) Rs. 25 Lakh or 0.5% of total revenue, whichever is lower for the financial year.

**7) Procedure of Writing off Irrecoverable Arrears other than described in '6' above**

The approval of Audit Committee and Board of Directors shall be required for writing off bad debts unless and until the total bad debts exceeds Rs. 2.50 Lakh or 0.05% of total revenue, whichever is lower for an individual client and Rs. 25 Lakh or 0.5% of total revenue, whichever is lower for the financial year.

Sd/-  
**Mr. Anand Chalwade**  
Managing Director