FOCUS INDUSTRIAL RESOURCES LIMITED

RECOVERY POLICY

1. Introduction

Focus Industrial Resources Limited ("the Company"), being an RBI-registered NBFC, recognizes the critical importance of timely recovery of dues, prevention of slippages, and efficient monitoring of Non-Performing Assets (NPAs). Effective recovery management not only improves asset quality but also strengthens liquidity, profitability, and stakeholder confidence.

This Recovery Policy is framed to provide structured guidance for handling overdue accounts, NPAs, settlements, legal action, and write-offs, while ensuring compliance with RBI guidelines and fair practice codes.

2. Objectives of the Policy

The primary objectives of this policy are: -

a. To minimize delinquencies and reduce NPAs through early identification and proactive action.
b. To prevent slippage of Standard Assets into NPA category.
c. To strengthen monitoring, reporting, and recovery systems.
d. To ensure fair, ethical, and professional recovery practices.
e. To lay down guidelines for compromise, settlement, legal action, and write-off.
f. To uphold the dignity of borrowers while protecting the Company's financial interests.

3. Asset Classification and Provisioning Norms

The Company shall follow RBI-prescribed IRACP norms applicable to NBFCs.

3.1 Asset Classification

Standard Asset – shall mean 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.

Overdue – Any amount due that is not paid on the due date.

Non-Performing Asset (NPA) – A loan where interest or principal remains overdue for a period of more than 90 days.

3.2 Provisioning Norms

Provisioning will be made as per prevailing RBI guidelines applicable to NBFCs. Minimum provisioning shall be maintained at all times as required by law and prudential practices.

3.3 Loss Assets

A Loss Asset is one where the loss has been identified by the Company, internal auditors, statutory auditors, or RBI inspection and is considered uncollectible. Such assets shall:

Be 100% provided for

Be considered for write-off after due approval

Continue to be pursued for recovery where possible

4. Monitoring of NPAs

Once an account is classified as NPA, the following steps shall be taken:

i. Continuous and structured follow-up by the recovery team either telephonically or via personal visits.
ii. Written Recovery Notice to be issued within 30 days of NPA classification.
iii. If no response, a Legal Notice shall be issued within 30 days with approval of the Managing Director.
iv. Monthly review of NPA recovery progress by the Recovery Department.
v. Quarterly reporting to Senior Management/Board with action plans.

5. Restructuring/Re-scheduling of Accounts

5.1 The grievance redressal cell shall be empowered to taking the requests form borrowers for restructuring/ re-scheduling of Accounts.

5.2 Where the borrower faces genuine financial hardship and has demonstrated intention to repay, suitable restructuring / rescheduling of the loan may be considered with proper approval as per the Board-approved Restructuring Policy of the Company.

6. Compromise / Settlement Policy

Compromise or One-Time Settlement (OTS) or Term Settlement shall be considered in select cases with the objective to recover maximum amount with minimum cost and time.

Key principles:

6.1 Distinction shall be made between:

Wilful defaulters

Genuine defaulters due to hardship

6.2 While negotiating settlement, the following will be considered:

i. Current financial status of borrower

ii. Age of NPA
iii. Legal position
iv. Possibility of recovery through legal route

6.3 Wherever possible, 100% of principal shall be recovered. Interest waiver may be considered based on merits.
6.4 Settlement can be allowed in instalments (maximum 3 months).
6.5 All settlements must be approved as per Delegation of Authority (DOA):

Up to ₹ 1 Lakh – Managing Director

Above ₹ 1 Lakh – Board Approval

6.6 No settlement or concession shall be allowed for:

Directors and their relatives

Group/related entities

7. Writing-Off of Accounts

7.1 Write-off can be considered only when:
i. Account has remained NPA for more than 6 months
ii. All recovery efforts have failed
iii. Written recommendation by Branch/Recovery Head is submitted

7.2 Write-off approvals:

Up to ₹1 Lakh – Managing Director

More than ₹ 1 Lakh – Board of Directors

7.3 Legal recovery efforts may continue even after technical write-off.

8. Technical Write-Off

Technical write-off is an accounting exercise for fully provided NPAs to clean the balance sheet. However:

a. Borrower liability continues
b. Recovery efforts shall remain active
c. Account record shall be maintained separately

Only the Board of Directors can approve Technical Write-Off.

9. Filing of Legal Cases

9.1 Legal action shall be taken as a last resort after:
i. Multiple recovery attempts
ii. Serving of notices
iii. Verification of documentation
iv. Legal vetting of case feasibility

9.2 Cases may be filed under:

i. Civil Recovery Suit
ii. Arbitration (if clause exists)
iii. Suit under Section 138 of the NI Act, where applicable.

9.3 Lok Adalat and mediation shall be preferred to reduce litigation time.

10. Waiver of Legal Action

Legal action may be waived if:

i. Borrower/guarantor is deceased and untraceable
ii. No assets are available
iii. Outstanding balance is below ₹25,000 and legal cost exceeds recovery

Approval authority – Managing Director.

11. Ethical Recovery & Collection Practices

All the employees and the officers shall follow a strictly ethical and borrower-respectful recovery process:-

i. Understand the reasons behind failure of payment and extend maximum support on regularization of the Loan Account.
ii. Borrowers contacted usually between 8 AM – 7 PM except where the consent is obtained to communicate even after working hours.
iii. Recovery staff must carry valid ID & authorization letter.
iv. Privacy and dignity of borrower shall be respected.
v. No recovery visits during bereavement or emergencies.
vi. No harassment, intimidation, or use of abusive language.
vii. All interactions with the borrowers to be recorded/documented.
viii. Strict action against those found to be violating the policy.

Outsourced recovery agents (if used) must follow same standards.

The staff shall be trained on regular basis to deal with the customers in an appropriate manner

12. Borrower communication and Notice Process

i. Initial Communication and Reminders– Telephonic /WhatsApp/ SMS / Email
ii. First Legal Notice – After initial default (30 days)
iii. Final Legal Notice – After further 30 days
iv. Legal Action – Thereafter if required

Borrower shall always be given an opportunity to regularize the account.

13. Review & Approval of Policy

This policy shall be:

Approved by the Board of Directors

Reviewed annually or as per regulatory changes

Circulated among all concerned staff