



WRITE-OFF DEBT POLICY

Last Amended: June 08, 2020

Adopted by the Board: June 08, 2020

1- **PREAMBLE**

Subject to Public Sector Companies (Corporate Governance) Rules 2013 and applicable relevant law on the subject in force explicitly adopted by the HESCO Board from time to time and to ensure Conflict of Interest Policy with Corporate Governance as enunciated in relevant laws and rules thereunder, for the Board of Directors, Senior Management, and all employees of Hyderabad Electric Supply Company Limited (the “**Company**” or “**HESCO**”) and inconsequent to the requirement of Rule 5 (4) of the Public Sector Companies (Corporate Governance) Rules, 2013 (the “**Rules**”) the HESCO Board has unanimously approved this policy.

2- **OBJECTIVE**

Compliance of Public Sector Companies (Corporate Governance) Rules 2013

The purpose of this policy is to provide a framework for regulating the writing-off of irrecoverable debts, enabling management to write-off bad and doubtful debts in transparent and accountable manner.

It is an accounting procedure and does not constitute abandonment by the company of its claim against a debtor.

3- **DEFINITIONS**

"debt" means an obligation sounding in money and/or services due and owing to the company;

"debtor" means a person, natural or juristic, who owes a debt to the municipality and who may be compelled to pay in terms of a claim or demand by the municipality;

"Irrecoverable debt" means the debt which in terms of this policy meets the criteria for writing off;

4- INSTANCES OF WRITE-OFF OF BAD AND DOUBTFUL DEBT

1- Insolvency

Debtor is the subject of bankruptcy, individual voluntary arrangement, liquidation, company voluntary arrangement & administration order or administrative receivership proceedings or has ceased to trade or is subject to a Debt Relief Order.

2- Deceased

The Debtor is dead and recovery is not possible from him or his legal heirs.

3- UN-ECONOMICAL TO COLLECT/RECOVER

Balance is too small for further action.

4- UN-COLLECTABLE

Custodial sentences / remitted debts / vulnerable people / hardship / local authority error / system rounding/Government Policy.

Debt related to

- a) Customer
- b) Employee
- c) Supplier, Contractor OR Banker

5- COMPETENT AUTHORITY FOR APPROVAL

As mentioned in the Book of Financial Power of HESCO. The instances where there is no defined competent authority, the Board of Directors will have the competency.

6- PROCEDURE ADOPTED FOR GRANT OF APPROVAL

Report and recommendations of Committee that there is no reasonable prospect of recovery of the debt as.....

Contents of the recommendations shall include:

- 1- Detail particulars of debtors and the amount involved
- 2- Detail of cost and efforts made for recovery of debt
- 3- Basis of recommendations

7- ACCOUNTING OF WRITE-OFF

Accounting for write-off of debt will be made as per Accounting Manual of HESCO.

8- RELATED POLICIES

- 1- Accounting Manual of HESCO
- 2- Book of Financial Power of HESCO
