

Date: [Insert Date]

To:

[Recipient Name/Board of Directors]

[Financial Institution Name]

[Address Line 1]

[Address Line 2]

Subject: Advisory Proposal for Non-Performing Asset (NPA) Portfolio Restructuring

Dear [Recipient Name],

Following our recent review of your institution's current asset quality, [Your Advisory Firm Name] is pleased to submit this advisory letter regarding the restructuring of your Non-Performing Asset (NPA) portfolio.

1. Executive Summary

Our objective is to reduce the Gross NPA ratio, enhance capital adequacy, and maximize recovery value through a structured resolution framework. This plan addresses [mention specific portfolio, e.g., retail, MSME, or corporate loans].

2. Portfolio Analysis

Preliminary assessment indicates that approximately [Insert Percentage]% of the portfolio is categorized under [Sub-standard/Doubtful/Loss] assets. The primary drivers for delinquency appear to be [mention causes, e.g., market volatility, operational failures, or inadequate collateral].

3. Proposed Restructuring Strategies

- **Loan Rescheduling:** Extension of repayment tenures and adjustment of interest rates for viable borrowers.
- **One-Time Settlement (OTS):** Negotiated settlements for chronic defaulters to ensure immediate liquidity.
- **Asset Reconstruction:** Assignment of distressed debt to Asset Reconstruction Companies (ARCs).
- **Legal Recourse:** Enforcement of security interests under [Insert Relevant Local Law/Act].

4. Recommended Action Plan

1. Segmentation of assets based on recovery probability.
2. Implementation of a dedicated "Stress Asset Management" vertical.
3. Monthly monitoring of recovery targets versus actual realizations.

5. Conclusion

By adopting these restructuring measures, we anticipate a recovery of [Insert Estimated Amount]

within the next [Insert Timeframe] months. We are available to discuss the operational details of this proposal at your earliest convenience.

Sincerely,

[Your Signature]

[Your Name]

[Your Title]

[Your Company Name]