

ONE TIME SETTLEMENT POLICY-2020
(As amended in February 2023)

(This Policy shall apply to all type of Loans including Bill Discounting and Lease Assistance Schemes)

1.0 Validity of Policy

1.1 Receipt of application

Within six months from the date of promulgation of this policy. This OTS policy is close-ended and shall remain in force for a period from 01.02.2023 to 31.07.2023. No application will be entertained after the expiry of OTS Policy.

2.0 Valuation of Mortgaged Securities

2.1 Primary Security:

This forms the mortgaged fixed assets of the unit extended financial assistance by the Corporation.

2.2 Collateral Security:

The additional security provided by the promoters/ directors by way of Land & Building besides the Primary Security.

2.3 Valuation to be carried out by the valuers empanelled with the Corporation, indicating realizable value.

2.4 Valuation should not be older than one year from the date of decision on the OTS proposal; else fresh valuation shall be carried out.

3.0 Valuation of Present Net Worth of the Guarantors

3.1 Valuation of unencumbered immovable assets of the guarantors declared in the Bond of Guarantee to be carried out by the valuer empanelled with the Corporation, indicating realizable value.

3.2 Valuation should not be older than one year from the date of decision on the OTS proposal; else fresh valuation shall be carried out.

4.0 Calculation of OTS Amount

The OTS amount shall be higher of the A & B computed as below:

A. 85% of the Realizable Value of securities (including Prime, Collateral & Present Realizable Value of Net worth of Guarantors) + ARO Dues (Expenses till the date of OTS sanction) + RC Collection Charges, if any.

B. Indicative OTS amount, as computed below:

| |
|---|
| i) Outstanding Principal (OSP) as on date of NPA. |
| ii) Add- Simple Interest @ 11% p.a. on OSP for 27 months (i.e. till the date on which account became Doubtful) + ARO Dues (Expenses till the date of OTS sanction) + RC Collection Charges, if any. (In case of Lease Assistance Cases, Tax outstanding & salvage value @ 5% of plant & machinery shall also be included in indicative OTS amount in addition to above.) |
| Indicative OTS Amount = (i+ii). |

4.1 ARO dues and RC Collection Charges are defined here below:

4.1.1 ARO dues:

ARO dues represent the expenses incurred by the Corporation in various heads related with follow up of recovery of the outstanding dues from the company, viz. security of attached mortgaged assets, legal/travelling/advertisement expenses etc.

4.1.2 RC Collection Charges:

RC Collection Charges represent the 10% amount payable to District Authorities for recovery of dues by way of settlement, if Recovery Certificate(s) are under execution.

5.0 Other Provisions

5.1 In any case, the OTS amount will not be less than OSP + Expenses + RC Collection Charges, if any.

5.2 In those cases where OSP is Nil and security is also not available, the OTS shall be done at 5% of Disbursed amount + Expenses + RC Collection Charges, if any.

5.3 However, in any case, the OTS amount shall not be less than the best offer agreed to by the Company in the past.

6.0 Earnest Money

Earnest Money worth 1% of OTS amount or Rs.5,00,000/- whichever is higher, will have to be deposited by the party concerned along with the prescribed OTS application. This amount shall be adjustable against the last instalment of OTS amount in case of sanction of OTS facility.

6.1 In case of OTS amount is less than the Earnest Money, no refund shall be permissible under the Policy.

7.0 Terms of Payment

7.1 Interest to be charged on OTS Amount:

Simple Interest shall be charged @ 11% p.a. from 31st day on the outstanding OTS amount.

7.2 Payment Schedule as tabulated below:

| Sl.No. | Percentage of OTS amount | Schedule |
|--------|--|--|
| (i) | (ii) | (iii) |
| 1 | 10% of OTS Amount | Within 30 days from the date of issue of sanction letter. |
| 2 | Additional 15% OTS Amount | Within 60 days from the date of issue of sanction letter. |
| 3 | Balance 75 % OTS Amount | Within 6 months from the date of issue of sanction letter. |
| 4 | Balance ARO dues & RC Collection Charges, if any | Before issuance of No Dues Certificate |

8.0 Special Conditions

8.1 If entire OTS Amount is paid within 30 days of the date of sanction, then 1% discount on the OTS Amount shall be given.

8.2 In cases where OTS amount is more than Rs.5.00 Crore and 25% payment is made as per schedule mentioned above at Sl. No. 1 & 2, the period allowed for payment of balance 75% OTS amount shall be within 1 year from the date of issue of sanction letter.

8.3 In case of default in payment of instalments as per the prescribed schedule, the OTS shall stand cancelled.

9.0 **Permission to sale of mortgaged assets under OTS**

The OTS cum Sale proposal shall also be considered on the basis of the parameters contained herein. However, the borrower shall ensure that the entire Sale proceeds is deposited by the purchaser directly to PICUP. Further, permission for sale of assets to pay the OTS amount on request of the borrower may be granted subject to the condition that the title papers of the mortgaged property shall be released to the borrower only after the entire OTS amount as well as the ARO dues and RC collection charges, if applicable, has been received by PICUP. The Corporation will not condone the delay in payment of the OTS amount on any pretext of borrower for delay in sale of assets. Usual safeguards shall be taken as regards to the amount of sale vis-à-vis value of the assets for which the permission has been granted by the Corporation to pay the OTS amount. No OTS-cum-Sale proposal shall be concluded below the total actual sale value of the mortgaged assets.

10.0 **Wilful Default has been defined by RBI as under: -**

10.1 The Unit has defaulted in meeting its payments/ repayments obligations to the lender even when it has the capacity to honour the said obligations.

10.2 The Unit has defaulted in meeting its payment/ repayment obligations to the lender and has siphoned off funds so that the funds have not been utilized for the specific purpose for which finance was availed of nor are the funds available with the Unit in the form of other assets.

10.3 The Unit has defaulted in meeting its payment / repayment obligations to the lender and has also disposed off or removed the moveable fixed assets or immoveable property given by him or it for the purpose of securing a term loan without the knowledge of the banker / lender.

10.4 In such cases of Wilful Default/ Fraud, OTS shall be permissible. The OTS Approval Committee constituted in the policy for other cases will also settle cases of wilful default/ fraud. However, the minimum OTS amount would be 10 % higher than the OTS amount arrived at per Para 4 above. In addition, in case there is theft in prime assets, the valuation of the prime assets will be done assuming

that the stolen assets are already there and therefore, their depreciated value will be taken into account.

11.0 Joint Financing Cases

11.1 The policy will also cover eligible cases in which the Banks/FIs/SFCs have initiated actions under SERFAESI Act/U/s-29 of SFC Act, cases pending before Courts/DRTs/Lok Adalat and decreed accounts subject to obtaining consent decree from the Court/DRT/Lok Adalat.

11.2 If the primary/collateral security is shared on first charge basis with other secured creditor(s), the value to be considered shall be computed on pro rata basis with respect to the principal outstanding of the said creditors.

12.0. REVIVAL OF CANCELLED/STUCK UP OTS CASES

In such cases where OTS has been cancelled by the Corporation in the past or presently defaulting (although not cancelled as yet) and if the company makes a request to restore/restructuring the OTS, the following policy for revival/restructuring of OTS shall be applicable:

I. Under the revival/restructuring scheme for OTS, the company/guarantors shall be required to pay the balance amount of OTS along with entire Simple Interest calculated at @ 12% per annum on the defaulted amount for the defaulted period from the date of default till the date of revival of OTS. The M.D., PICUP shall be empowered to approve revival of such above mentioned OTS cases. The terms of payment of such revived OTS cases shall be as per Clause-7 & 8 of the OTS Policy-2020.

II. The company/guarantors seeking revival/restructuring of cancelled/ stuck up OTS, shall have to pay at least 50% of original OTS amount sanctioned by the Corporation if not already paid as upfront payment at the time of revival along with the proposal for revival of OTS proposal. In case 50% of OTS amount or more has already paid then 10% of the original OTS amount will have to be paid up front.

III. Such revival/restructuring of OTS shall be done only once.

IV. In case of breach of terms and conditions of revived/restructured OTS, the Corporation shall retain the right to cancel this revival/ restructuring of OTS and revert back to recovery action

13.0 Valuation Committee

13.1 A Committee is constituted for assessment of NPV of realizable value of the securities (Prime, Collateral and Net Worth) as assessed by the external valuer. The Committee would be as follows:

| | |
|-------------------------------|-----------------|
| Dy. MD/Jt. MD | Chairman |
| One Technical Officer | Member |
| Two Finance Officers | Members |
| One Legal Officer | Member |
| The concerned external valuer | Special Invitee |

13.2 The Managing Director of PICUP be and is hereby authorized to make appropriate alterations in the Committee's constitution as provided in Clause 13.1 of OTS Policy-2020 and to nominate officers of Finance/Technical/Legal/HRD/Accounts cadre as Member of the Committee for assessment of realizable value of the securities by the External Valuer and its NAV.

14.0 Approving Authority
OTS Approval Committee headed by Managing Director with Dy./Jt. Managing Director, Technical, Finance and Legal Officer(s) of PICUP and experts as required. The Managing Director, PICUP shall also be authorized to nominate the members of the OTS Approval Committee.

15.0 Waiver of Interest as a consequence of OTS

15.1 Any interest debited in the book of account, over and above the one included in the OTS/Revival amount, as recommended in this policy, will automatically stand waived off once the OTS/Revival is sanctioned. However, if the OTS/Revival is cancelled, the waived off amount will again be treated as written back.

15.2 Further, Board shall be apprised off the OTS/Revival cases done under the Policy in its ensuing meeting.

16.0 Over-riding Clause

16.1 This Policy shall apply to all type of Loans/Schemes including Wilful Default/ Fraud Cases and will remain in force for a period of six months from the date of its promulgation.

16.2 Borrowers shall have to furnish OTS/Revival proposal as per the annexed format at Annexure-A along with requisite earnest money.

16.3 If the borrower, under compelling circumstances, is unable, to agree on the amount arrived at on the basis of module, the best possible offer involving higher sacrifice, depending upon merits and attendant circumstances of individual case, can be considered by the Board as a deviation case; reasons and proper justification for such higher sacrifice shall be placed on record by the recommending/ sanctioning authority.

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ANNEXURE-A

Format

Under mentioned information to be submitted with the OTS/Revival request

1. Name of the Company :
2. Status of the company: Existing/Wound-up/Under liquidation
3. Whether registered in NCLT: Yes/No
4. Status of the unit: Running/Closed. If running, present capacity utilization:
5. Names of other secured creditors indicating nature of charge:
6. Break-up of outstanding dues (Principal, Interest, Others) of other Secured creditors:
7. Details of OTS sanctioned by other secured creditors:
8. Is the unit under attachment of any Secured creditor/Govt. body? Yes/No. If yes, provide details:
9. Number, date, amount of Earnest Money/Upfront Payment Demand Draft enclosed with the proposal:
10. Amount offered under OTS:
11. Details of all company's litigations pending before Courts/DRTs/NCLT/Lok Adalat and decreed accounts etc. :
12. Any other information.

(Signature of Authorized signatory)

Enclosures Detail: