RAJASTHAN FINANCIAL CORPORATION
(FR Division)

MINUTES
77th SLC Meeting
Date : 30.01.2008

Present:

Shri B.N. Sharma, IAS Chairman & Managing Director	:	In Chair
Shri Pawan Arora, Executive Director	:	Member
Shri Kamal Mehta, Director	:	Member
Shri R.S. Gupta, Advisor Finance	:	Member
Shri Suman Kumar Vig, General Manager(D)	:	Member Secretary

Shri K.K. Parashar, DGM(FR-ARRC), Shri N.K. Jain, Manager(FR-1), Shri Dinesh Mohan, Manager (FR-2), Shri S.S.Agarwal, Manager (FR-3), Shri Deepak Verma, Manager(FR-ARRC), Shri S.K. Gupta, DM(FR) and Shri Naveen Ajmera, DM(FR) were also present.

I. Action taken report on the decision of earlier SLC meetings.

Noted

II. Confirmation of the minutes of SLC meeting held on 05.10.07.

Minutes were confirmed.

III. Default position of settled cases

The committee has desired that the progress regarding payment received/ default in cases of settled by SLC in the Financial Year 2007-08 be placed before the committee in the next meeting.

IV. Deleting column of "recommendations of Branch Manager" in the OTS proposal

The committee observed that loanee parties attempt to take advantage of the recommendations made by the BMs in the OTS proposal which creates an embarrassing situation for the committee while taking decision. The committee, therefore, decided that henceforth the BMs while sending proposals to HO shall not make any recommendation for settlement.

V. MRV calculation sheet of prime assets/collateral security

The committee observed that the MRV calculation sheet of prime assets/collateral security appended with the OTS proposal is handwritten and not legible. In order to facilitate the committee in taking decisions, it was decided that the BOs should send MRV calculation sheet of prime assets/collateral security duly typed out and signed containing all relevant details.

VI. The committee considered the agenda notes of the following cases placed before it and decided as follows:

1. M/s Dev Shree Cement Limited, Jodhpur (ARRC Case)

The case was placed before SLC in its meeting held on 05.10.07. Since nobody turned up, the case was deferred.

Dr. B. Prasad Director of the Company and Shri K.P. Swami, Finance Executive of the company, appeared before the committee.

It is a joint finance case with RIICO and SBI. The company is under liquidation as per the orders of the BIFR made vide letter dated 6.4.98. Therefore, the matter is pending at Jodhpur High Court for winding up proceedings. The RIICO is the lead institution in the case and the company has already settled their dues in the month of May, 2007 in a consideration of Rs.76.52 lac.

A loan of Rs. 60.00 lac was sanctioned by the Corporation on 10.08.1988 for setting up a project of Portland Cement (Mini Cement Plant) at Village – Khariya Mithapur, Teh. Bilara, Jodhpur and full sanctioned loan was disbursed. The health code category as on 31.03.04 is “Doubtful”. A sum of Rs. 429.53 lac were outstanding as on 01.09.07, out of which Rs. 50.97 lac towards principal and Rs. 378.26 lac towards interest and Rs. 0.30 lac towards other money. MRV of the financed assets is Rs. 56.18 lac. No collateral security as well as third party guarantee is available.

After detailed discussions with the promoter and considering all the facts and position of the case, the committee offered to settle the account in a consideration of Rs. 77.69 lac **less** upfront amount of Rs. 7.69 lac(rounded off), i.e. the net payable settlement amount of Rs. 70.00 lac, which shall be paid as follows:-

Upto March, 2008	Rs. 35.00 lac
April, 2008	Rs. 12.00 lac
May, 2008	Rs. 12.00 lac
June, 2008	Rs. 11.00 lac Plus Interest

No interest shall be charged upto March, 2008 and w.e.f. 01.04.08 interest shall be charged @ 13% p.a. on simple basis on the unpaid settlement amount.

The Director of the company consented to the settlement.

2. M/s Sobhagya Lime (P) Ltd., Jalore (ARRC Case)

Shri Ashok Singh, Director of the company, appeared before the committee.

The case was placed in the Special HOLC meeting dated 29.05.07 wherein an offer of Rs. 83.60 lac less upfront amount of Rs. 9.55 lac (net payable settlement amount of Rs. 74.05 lac) was given which was not accepted by the Director of the company, hence, the case was rejected.

Aggrieved with the decision of the Special HOLC, the company made an appeal for SLC. It is a unit of Quick Hydrated Lime. Due to non payment of Corporation dues possession of the unit was taken over on 15.09.2000. The category of the loan account as on 31.03.04 is "Doubtful". A sum of Rs.83.88 lac were outstanding as on 01.12.07, out of which the principal sum is Rs. 28.53 lac, interest is Rs. 55.22 lac and Rs. 0.13 lac is other money. The simple interest for the possession period upto 30.11.07 is Rs. 131.55 lac, therefore, the total outstanding is Rs. 215.43 lac. MRV of the prime assets is Rs. 20.32 lac. Neither collateral security nor third party guarantee is available. The party filed writ petition SBCWP No. 1757/2005 before Hon'ble High Court, Jodhpur. Hon'ble High Court, Jodhpur has passed an order on 5.9.2006 as under:-

"Regarding escalation of payment and interest the petitioner may make a representation which shall be considered by the respondent sympathetically."

After detailed discussions with the promoter and considering all the facts and position of the case, the committee offered to settle the account in a consideration of Rs. 40.00 lac **less** upfront amount of Rs. 4.75 lac i.e. the net payable settlement amount of Rs. 35.25 lac, which shall be paid as follows:-

Upto March, 2008 Rs. 7.00 lac
Remaining settled amount of Rs. 28.25 lac in four equal monthly instalments commencing from April, 2008 to July, 2008.

No interest shall be charged upto March, 2008 and w.e.f. 01.04.08 interest shall be charged @ 13% p.a. on simple basis on the unpaid settlement amount.

The Director of the company consented to the settlement.

3. M/s Heena Industries, Pali (ARRC Case)

Shri Basir Khan, promoter of the unit and Shri Yusuf, son of promoter, appeared before the committee.

Earlier the case was placed before HOLC in its meeting held on 25.03.06 but the party did not gave consent to the offer given by the committee, hence, the case was rejected. Further, the case was placed before Spl. HOLC in its meeting dt. 27.01.07 where the case was settled in a net payable settlement amount of Rs. 3.50 lac (Rs. 3.93 lac minus Rs. 0.43 lac) which was payable in four equal monthly instalments commencing from Feb., 2007 to May, 2007 with 13% p.a. interest w.e.f. 1.3.07. The proprietor had consented to the settlement but the party did not deposit any amount as per Spl. HOLC decision and requested CMD to waive interest for the delayed period as he is suffering from Cancer and also not able to walk due to accident. On the ground of ill-health the competent authority allowed the party to make an appeal before SLC.

It is a project of brick manufacturing. A loan of Rs. 8.50 lac was sanctioned on 3.2.97, out of which Rs. 1.18 lac was disbursed. No amount was disbursed for Plant & Machinery. The unit is under possession since 04.07.05. The party filed writ petition in MJM Court, Jaitaran against possession but no stay has been granted. Due to non payment of Corporation dues possession of the unit was taken over on 04.07.2005. The category of the loan account as on 31.03.04 is "Doubtful". A sum of Rs.6.27 lac were outstanding as on 01.12.07, out of which the principal sum is Rs. 1.18 lac, Rs. 4.91 lac towards interest and Rs. 0.18 lac towards other money. The simple interest for the possession period upto 30.11.07 is Rs. 3.00 lac, therefore, the total outstanding is Rs. 9.27 lac. MRV of the prime assets is Rs. 6.67 lac. Neither collateral security nor third party guarantee is available.

After detailed discussions with the promoter and considering all the facts and position of the case, the committee offered to settle the account in a consideration of Rs. 3.20 lac **less** upfront amount of Rs. 0.20 lac i.e. the net payable settlement amount of Rs. 3.00 lac, which shall be paid as follows:-

Upto March, 2008	Rs. 0.40 lac
April, 2008	Rs. 2.60 lac

No interest shall be charged upto March, 2008 and w.e.f. 01.04.08 interest shall be charged @ 13% p.a. on simple basis on the unpaid settlement amount.

The promoter of the company consented to the settlement.

4. M/s Ajay Spinners Ltd., Bhilwara (ARRC Case)

Nobody turned up to attend the meeting, however, a FAX message was received from the company showing their inability to attend the meeting. Hence, the consideration of the case was **deferred.**

5. M/s Jain Bandhu Sneh Resorts (P) Ltd., Udaipur

Nobody turned up to attend the meeting, however, a FAX message was received from the company showing their inability to attend the meeting. Hence, the consideration of the case was **deferred.**

6. M/s Wraps Hygiene India (P) Ltd., Bhiwadi

Nobody turned up to attend the meeting, however, a FAX message was received from the company showing their inability to attend the meeting. Hence, the consideration of the case was **deferred.**

7. M/s Pratap Synthetics V.U.S.S. Ltd., Bhilwara

In this case, the meeting was to be attended by both the parties (i.e. original promoter as well as intending purchaser of the unit) but somehow the intending purchaser (M/s Jhankar Synthetic (P) Ltd.) could not attended the meeting, hence, the consideration of the case was **deferred.**

The committee decided that both the parties i.e. original promoter and intending purchaser should be called for attending the meeting. The committee expressed his concern in this regard and desired that concerned officers should take care in future while issuing letters to parties for attending the meeting and should ensure that letters to all concerned are issued timely.

GENERAL OBSERVATIONS:

1) If the party fails to make payment strictly as per decision of the committee, BO concerned will initiate recovery action at their level.
2) 5% recovery charges to be sent to Collector concerned are included in the settlement amount, where recovery is effected on account of action initiated under Section 32(G) as per provision of Circular No.FR.365 dated 3.10.2005 and dated 31.10.2005.
3) Court case, if any, shall be withdrawn by the party.
4) Actual other money not debited so far is to be recovered over & above the settlement amount. Branch Office will let it know to the party about amount of other money, if any, within a month from the issue of this order.
5) Wherever settlement amount is to be paid in instalment, the party will produce PDCs in the BO payable on 15th of the each month or date specified by the Committee, as the case may be. BO has to ensure that PDC's are invariably taken in such cases.

GENERAL MANAGER(D)
MEMBER SECRETARY

RAJASTHAN FINANCIAL CORPORATION
(FR Division)

MINUTES
78th SLC Meeting
Date : 21.02.2008

Present:

Shri B.N. Sharma, IAS Chairman & Managing Director	:	In Chair
Shri Kuldeep Ranka, IAS Managing Director, RIICO	:	Member
Shri Kamal Mehta, Director	:	Member
Shri Pawan Arora, Executive Director	:	Member
Shri R.S. Gupta, Advisor Finance	:	Member
Shri Suman Kumar Vig, General Manager(D)	:	Member Secretary

Shri A.P. Mathur, DGM(FR), Shri N.K. Jain, Manager(FR-1), Shri Dinesh Mohan, Manager (FR-2), Shri S.S.Agarwal, Manager(FR-3), Shri Deepak Verma, Manager(FR-ARRC), Shri S.K. Gupta, DM(FR), Shri Naveen Ajmera, DM(FR) and Shri H.S. Mehra, Dy. Manager(FR-ARRC) were also present.

I. Action taken report on the decision of earlier SLC meetings.

Noted

II. Confirmation of the minutes of SLC meeting held on 30.01.08.

Minutes were confirmed.

III. The committee considered the agenda notes of the following cases placed before it and decided as follows:

1. M/s Wraps Hygiene India (P) Ltd., Bhiwadi

Shri C.S. Ahaluwalia, Director of the company, appeared before the committee.

Earlier the unit had got its case registered under the Scheme for waiver of penal interest(2006-07) on 29.08.06. The case was settled by PC & CC by giving the benefit of waiver of penal interest of Rs. 39.37 lac but the party failed to deposit the amount as per provisions of the scheme. The case was

placed in Special HOLC dt. 31.08.07 wherein an offer of Rs. 100.00 lac less upfront amount of Rs. 11.25 lac, net payable settlement amount of Rs. 88.75 lac was given to the company but the director of the company had not accepted the offer given by the committee, therefore, the case was rejected.

Aggrieved with the decision of the Special HOLC dt. 31.08.07 the company made an appeal for SLC. It is a deferred sale case. The fixed assets of M/s Teerath Medicons (P) Ltd. were sold to M/s Wraps Hygiene India (P) Ltd. at a price of Rs. 50.00 lac on 18.05.96, out of which Rs. 12.50 lac were paid as an initial deposit and balance of Rs. 37.50 lac was deferred loan.

The unit was engaged in producing sanitary napkins. However, the unit is lying closed since long. The category of the loan account as on 31.03.04 is "Doubtful". A sum of Rs.270.98 lac were outstanding as on 01.12.07, out of which principal sum is Rs. 37.50 lac,Rs. 233.44 lac towards interest and Rs. 0.04 towards other money. Revised MRV of the financed assets is Rs. 90.92 lac (Earlier MRV was Rs. 81.07 lac). No collateral security as well as third party guarantee is available.

After detailed discussions with the director and considering all the facts and position of the case, the committee offered to settle the account in a consideration of Rs. 103.98 lac **less** upfront amount of Rs. 16.98 lac, (i.e. upfront paid for Special HOLC amounting to Rs. 11.25 lac and upfront for SLC Rs. 5.73 lac), the net payable settlement amount of Rs. 87.00 lac, which shall be paid as under:-

Rs. 5.00 lac in the month of March, 2008
Remaining amount i.e. Rs. 82.00 lac in six equal monthly instalments commencing from April, 2008 to September, 2008.

No interest shall be charged upto 31.03.2008 and w.e.f. 01.04.08 interest shall be charged @ 13% p.a. on simple basis on the unpaid settlement amount.

The Director of the company consented to the settlement.

2. M/s Ajay Spinners, Bhilwara (ARRC Case)

On the request of the company the case was **deferred** for the next meeting.

3. M/s Pratap Synthetics V.U.S.S. Ltd., Bhilwara

Shri Subhash Chaturvedi, Secretary of M/s Pratap Synthetics V.U.S.S. Ltd, Bhilwara, Shri Bhanwar Lal Jain and Shri Mohan Lal Jain, Directors of M/s Jhankar Synthetics (P) Ltd., Bhilwara, who offered to purchase the unit on mutual consent basis in the year 1996, appeared before the committee.

The matter was discussed at length and the committee offered to settle the account in a consideration of Rs. 30.41 lac less upfront amount paid by him which was not aggrreable to him. Shri Chaturvedi pointed out that they have given PDCs of Rs. 10.00 lac in compliance of Hon'ble Court orders which was not presented for payment by RFC and returned to them after a long time despite of the fact that sufficient bank balance was available with their banker to honour the cheques.

Shri Chaturvedi requested for a patient hearing by an independent member of the committee before taking any final decision in his case, therefore, the committee decided that Shri Kamal Mehta, who is Director on the Board of the Corporation being an independent member will heard Shri Chaturvedi and also go through the records and thereafter the case will again be placed in the next meeting of SLC going to be held on 07.03.2008.

Shri Chaturvedi brought to the notice of the committee that the Directors of M/s Jhankar Synthetics (P) Ltd., Bhilwara are residing at Guntoor and, therefore, will not be able to attend the next meeting, hence, it was suggested that he alone may attend the next meeting alongwith consent of the Directors representing to M/s Jhankar Synthetics (P) Ltd. for settlement as well as consent for withdrawal of the court case in the shape of Power of Attorney.

In view of above, the case was **deferred** for the next meeting.

4. M/s Jain Bandhu Sneh Resorts (P) Ltd., Udaipur

Shri Sunil Jain, Director and Shri Dinesh Bhagaria, authorized representative of the company, appeared before the committee.

The company made a representation dt. 29.08.06 to the Board of Directors of the Corporation, making request to consider his case for either of the following:-

a) One time settlement/settlement on any other ground.
b) Reduction/waiver of interest/waiver of penal interest.
c) Reschedulement of outstanding after giving effect to reduction/waiver of interest and penal interest.

The representation made by the company was placed before the Board in its meeting held on 15.09.06 for consideration. The decision taken by the Board is reproduced below:-

"The Board discussed the matter in detail and decided that the action may be taken as per decision of the High Court"

The Hon'ble High Court in DB Civil Special Appeal No. 888/2006 filed by the company passed orders on 20.09.07. Orders are as under:-

"Considering the facts & circumstances of the case, in our view, it will be just and proper to direct the appellant to deposit Rs. 20.00 lac within a period of one month from today and further amount of Rs. 20.00 lac by the end of 30th November, 2007. In case Rs. 40.00 lac are deposited by the appellant before RFC as indicated above, the Corporation shall process the application of the appellant for one time settlement and whatever may be the decision on such application regarding one time settlement, the same may be placed before this court.

For the time being, the matter is adjourned to 14th December, 2007. It is clarified that this order is passed more or less with the consensus prevailing between the learned counsel for the parties. It is further clarified that this order will not be treated as precedent in any other case. It is further clarified that if one time settlement is arrived at. The amount of Rs. 40.00 lac which the appellant is directed to deposit shall be adjusted towards the ultimate amount for which one time settlement, if ay, in case is arrived at."

In compliance of the orders of the Hon'ble High Court dt. 20.09.07 company deposited Rs. 40.00 lac towards upfront amount. However, no registration fees was deposited separately by the company. The same will be adjusted out of Rs. 40.00 lac deposited by the company.

A loan of Rs. 255.25 lac was sanctioned (Rs. 214.00 lac in A/c I on 19.07.1999 and Rs. 41.25 lac in A/c II on 30.03.2001), out of which Rs. 241.54 lac was disbursed for setting up Hotel & restaurant at N.H. 8, Ahmedabad Road, Udaipur. The hotel is running one. The category of the loan account as on 31.03.04 is "Standard". A sum of Rs.380.91 lac were outstanding as on 01.12.07, out of which the principal not due is Rs. 60.28 lac, principal overdue is Rs. 181.26 lac and Rs. 139.37 lac towards interest. MRV of the financed assets is Rs. 700.00 lac. Value of present collateral security is NIL and personal guarantee of directors is available.

The committee noted that this case is not eligible for OTS being a case having loan disbursed after 31.03.2000, MRV more than 150% of outstanding and classified as Standard as on 31.03.04 and committee was of the opinion that in view of the prescribed guidelines for OTS no relief can be considered. However, in view of the difficulties faced by the promoter at initial stage and in view of the directions of the Hon'ble High Court to consider the case on merits, the committee offered to settle the case by waiving off 50% of the penal interest charged in both the loan accounts of the hotel which is about Rs. 16.70 lac alternatively the committee also offered to reschedule their loan account but the director of the company sought time for taking a decision in consultation with other directors, therefore, the case was **deferred** for the next meeting.

5. M/s Sharma Oil Mill, Jaipur(Rural)

Shri Vishnu Kumar Sharma, proprietor and Shri Satya Narain Sharma, father of proprietor of the unit, appeared before the committee.

This case was earlier placed in the Special HOLC meeting dated 17.12.2007 wherein an offer of Rs. 3.07 lac less upfront amount of Rs. 0.32 lac i.e. net payable settlement amount of Rs. 2.75 lac was given to the representative who agreed verbally in the meeting but did not furnish consent in writing within the stipulated period, hence, the settlement reached was cancelled. The unit has made an appeal to the decision of Special HOLC.

A loan of Rs.1.45 lac was sanctioned on 29.10.97 for setting up an Oil Mill at Village-Karansar. Out of sanctioned loan Rs. 1.05 lac was disbursed for which two loan accounts are being maintained. The category of the loan account was 'Doubtful' as on 31.03.04. Unit could not run due to market competition. The unit is lying closed. A sum of Rs.3.55 lac were outstanding as on 01.12.2007, out of which Rs. 1.05 lac towards principal and Rs. 2.50 lac towards interest. The MRV of the financed assets(P&M) is Rs. 0.32 lac and the value of collateral security is Rs. 4.02 lac. There is no third party guarantee is available. ROD was also sent but returned by H.O.

After detailed discussions with the promoter and considering all the facts and position of the case, the committee offered to settle the account in a consideration of Rs. 2.31 lac **less** upfront amount of Rs. 0.31 lac (rounded off)i.e. the net payable settlement amount of Rs. lac, 2.00 lac which shall be paid as under:-

Rs. 0.50 lac in the month of March, 2008
Remaining amount i.e. Rs. 1.50 lac in six equal monthly instalments commencing from April, 2008 to September, 2008.

No interest shall be charged upto 31.03.2008 and w.e.f. 01.04.08 interest shall be charged @ 13% p.a. on simple basis on the unpaid settlement amount.

The promoter of the company consented to the settlement.

6. M/s Accurate Ancillary Product Ltd., MIA, Alwar (ARRC Case)

Shri Chand Raina, one of the Director of the company and Shri M.S. Chetre, Financial Advisor, appeared before the committee.

This is a joint finance case where RFC has joined the hands with RIICO. RIICO is the lead institution in the case. A loan of Rs. 46.62 lac was sanctioned on 12.08.95, out of which Rs. 44.95 lac was disbursed for setting up an auto ancillary unit at MIA, Alwar. The company registered the case with BIFR in the year 1991 under SICA Act. The unit became a sick unit and a rehabilitation

package was granted in the year 1993-94 wherein penal interest was agreed to be waived and funding of interest was also granted. After hearing to all parties, the BIFR has granted a OTS package in the year 2000 according to which the settlement amount was Rs. 100.00 lac which was to be shared by RIICO and RFC on prorata basis but the company did not honour the above settlement. The RIICO who was the lead institution had initiated action under SARFAESI ACT and taken the assets into possession on 25.07.2007 and the assets were put to auction by RIICO on 20.11.2007 but no response from any purchaser was received against the above auction.

The company had approached the RIICO for OTS of their case and RIICO in its SLSC meeting held on 15.02.08 settled the account in a consideration of Rs. 100.00 lac (term loan only). The management of the company has now approached the RFC for OTS by paying the required upfront amount and registration fees.

The category of the loan account as on 31.03.04 was "Doubtful". A sum of Rs.986.41 lac outstanding as on 01.12.2007 (principal sum Rs. 44.95 lac, interest Rs. 940.84 lac and other money Rs. 0.62 lac).

After detailed discussions with the director and considering all the facts and position of the case particularly it is a very old case and remained under consideration with BIFR and AAIFR for about 15 years and RIICO has also settled the case, hence, the committee offered to settle the account in a consideration of Rs. 96.83 lac **less** upfront amount of Rs. 6.83 lac(rounded off) i.e. the net payable settlement amount of Rs. lac, 90.00 lac which shall be paid as under:-

i) 25% of the settlement amount in the month of March, 2008
ii) Remaining 75% of the settlement amount shall be paid in six equal monthly instalments commencing from April, 2008 to September, 2008.

No interest shall be charged upto 31.03.2008 and w.e.f. 01.04.08 interest shall be charged @ 13% p.a. on simple basis on the unpaid settlement amount.

The director of the company consented to the settlement.

GENERAL OBSERVATIONS:

1) If the party fails to make payment strictly as per decision of the committee, BO concerned will initiate recovery action at their level.
2) 5% recovery charges to be sent to Collector concerned are included in the settlement amount, where recovery is effected on account of action initiated under Section 32(G) as per provision of Circular No.FR.365 dated 3.10.2005 and dated 31.10.2005.

3) Court case, if any, shall be withdrawn by the party.
4) Actual other money not debited so far is to be recovered over & above the settlement amount. Branch Office will let it know to the party about amount of other money, if any, within a month from the issue of this order.
5) Wherever settlement amount is to be paid in instalment, the party will produce PDCs in the BO payable on 15th of the each month or date specified by the Committee, as the case may be. BO has to ensure that PDC's are invariably taken in such cases.

GENERAL MANAGER(D)
MEMBER SECRETARY

RAJASTHAN FINANCIAL CORPORATION
(FR Division)

MINUTES
79th SLC Meeting
Date : 07.03.2008

Present:

Shri B.N. Sharma, IAS Chairman & Managing Director	:	In Chair
Shri A.K. Gupta, General Manager, RIICO	:	Nominee on behalf of MD, RIICO
Shri Kamal Mehta, Director	:	Member
Shri Pawan Arora, Executive Director	:	Member
Shri R.S. Gupta, Advisor Finance	:	Member
Shri Suman Kumar Vig, General Manager(D)	:	Member Secretary

Shri K.K. Parashar, DGM(FR-ARRC), Shri A.P. Mathur, DGM(FR), Shri N.K. Jain, Manager(FR-1), Shri Dinesh Mohan, Manager (FR-2), Shri S.S.Agarwal, Manager(FR-3), Shri Deepak Verma, Manager(FR-ARRC), Shri S.K. Gupta, DM(FR) and Shri Naveen Ajmera, DM(FR) were also present.

I. Action taken report on the decision of earlier SLC meetings.

Noted

II. Confirmation of the minutes of SLC meeting held on 21.02.08.

Minutes were confirmed.

III. The committee considered the agenda notes of the following cases placed before it and decided as follows:

1. M/s Ajay Spinners Ltd., Bhilwara (ARRC Case)

Shri O.P. Heda, Director, Shri S.S. Dakhera, Brother-in-law of Director and Shri Pukhraj Jain, General Manager(Commercial) of the company, appeared before the committee.

It is a BIFR case which was registered with BIFR in the year 1999 as case No. 148/99. As per the directions of BIFR, no tied up rehabilitation proposal could be prepared by the company, therefore, the operating agency (O.A.)

has sought further direction from BIFR and BIFR is yet to issue further directions in this case. Meanwhile, after a great persuasion, the company had got registered their case for OTS. Being a BIFR case, the competent authority has allowed to register the case on a token upfront amount of Rs. 1.50 lac which was deposited by the company on 26.07.07.

The assets of a sick unit were sold to the company (M/s Ajay Spinners Ltd.) on 2.9.93 in a consideration of Rs. 28.00 lac on deferred payment basis. Thereafter, two loans of Rs. 90.00 lac and Rs. 147.00 lac were sanctioned on 31.03.94 and on 31.03.97 respectively against which a sum of Rs. 186.70 lac were disbursed. The unit is engaged in production of yarn. The unit is running one. The category of the loan account as on 31.03.04 is "Doubtful". A sum of Rs.1292.70 lac were outstanding as on 01.03.08, out of which the principal sum is Rs. 171.59 lac, Rs. 1121.09 lac towards interest and Rs. 0.02 lac towards other money. MRV of the financed assets is Rs. 191.57 lac. Neither collateral security nor third party guarantee is available.

After detailed discussions with the promoter and considering all the facts and position of the case particularly a BIFR case and available MRV, the committee offered to settle the account in a consideration of Rs. 173.11 lac **less** upfront amount of Rs. 1.50 lac i.e. the net payable settlement amount of Rs. 171.61 lac (which is equal to principal outstanding plus other money as on date) which shall be paid as under:-

i) Rs. 1.00 lac upto March, 2008
ii) Remaining settled amount shall be paid upto 31.08.2008

No interest shall be charged upto 31.3.2008 and w.e.f. 01.04.08 interest shall be charged @ 13% p.a. on simple basis on the unpaid settlement amount.

The Director of the company consented to the settlement.

2. M/s Jain Bandhu Sneh Resorts (P) Ltd., Udaipur

Shri S.K. Jain, Director and Shri Dinesh Pagaria, Authorised representative of the company, appeared before the committee.

The company made a representation dt. 29.08.06 to the Board of Directors of the Corporation, making request to consider his case for either of the following:-

a) One time settlement/settlement on any other ground.
b) Reduction/waiver of interest/waiver of penal interest.
c) Reschedulement of outstanding after giving effect to reduction/waiver of interest and penal interest.

The representation made by the company was placed before the Board in its meeting held on 15.09.06 for consideration. The decision taken by the Board is reproduced below:-

"The Board discussed the matter in detail and decided that the action may be taken as per decision of the High Court"

The Hon'ble High Court in DB Civil Special Appeal No. 888/2006 fled by the company passed orders on 20.09.07. Orders are as under:-

"Considering the facts & circumstances of the case, in our view, it will be just and proper to direct the appellant to deposit Rs. 20.00 lac within a period of one month from today and further amount of Rs. 20.00 lac by the end of 30th November, 2007. In case Rs. 40.00 lac are deposited by the appellant before RFC as indicated above, the Corporation shall process the application of the appellant for one time settlement and whatever may be the decision on such application regarding one time settlement, the same may be placed before this court.

For the time being, the matter is adjourned to 14th December, 2007. It is clarified that this order is passed more or less with the consensus prevailing between the learned counsel for the parties. It is further clarified that this order will not be treated as precedent in any other case. It is further clarified that if one time settlement is arrived at the amount of Rs. 40.00 lac which the appellant is directed to deposit shall be adjusted towards the ultimate amount for which one time settlement, if any, in case is arrived at."

In compliance of the orders of the Hon'ble High Court dt. 20.09.07, company deposited Rs. 40.00 lac towards upfront amount. However, no registration fees was deposited separately by the company. The same will be adjusted out of Rs. 40.00 lac deposited by the company.

In pursuance of above court directions, the case was placed first time in the SLC meeting held on 30.01.2008 but despite of proper notice well in time, nobody from M/s Jain Bandhu Sneh Resort (P) Ltd., Udaipur turned up to attend the meeting. Second time, the case was again placed before the SLC in its meeting held on 21.02.08 and the gist of the decision/offer of the committee is reproduced below:-

> "The committee noted that this case is not eligible for OTS being a case having loan disbursed after 31.03.2000, MRV more than 150% of outstanding and classified as Standard as on 31.03.04 and committee was of the opinion that in view of the prescribed guidelines for OTS no relief can be considered. However, in view of the difficulties faced by the promoter at initial stage and in view of the directions of the Hon'ble High Court to consider the case on merits, the committee offered to settle the case by waiving off 50% of the penal interest charged in both the loan accounts of the hotel which is about Rs. 16.70 lac alternatively the committee also offered to reschedule their loan account but the director of the company sought time for taking a decision in

consultation with other directors, therefore, the case was **deferred** for the next meeting."

In pursuance of above decision of SLC, the case was once again (3rd time) placed in the SLC meeting held on 07.03.2008. The SLC noted that a loan of Rs. 255.25 lac was sanctioned (Rs. 214.00 lac in A/c I on 19.07.1999 and Rs. 41.25 lac in A/c II on 30.03.2001), out of which Rs. 241.54 lac was disbursed for setting up Hotel & restaurant at N.H. 8, Ahmedabad Road, Udaipur. The hotel is running one. The category of the loan account as on 31.03.04 is "Standard". A sum of Rs.399.44 lac were outstanding as on 01.03.08, out of which the principal not due is Rs. 40.14 lac, principal overdue is Rs. 201.40 lac and Rs. 157.90 lac towards interest. MRV of the financed assets is Rs. 700.00 lac. There is no collateral security. Personal guarantee of directors is available.

After detailed discussions with the promoter and considering all the facts and position of the case, the committee offered to settle the account in a consideration of Rs 380.00 lac **less** upfront amount of Rs. 40.00 lac i.e. the net payable settlement amount of Rs. 340.00 lac, which was not accepted by the Director of the company and he offered to settle the account in a meager sum of Rs. 100.00 lac only as against the outstanding loan of Rs. 399.44 lac and huge MRV of assets of Rs. 700.00 lac. Since the offer of the committee was not acceptable to the Director of the company, therefore, the case was rejected. The committee also decided that entire facts of the case may be placed before the Hon'ble High Court.

3. M/s Sangam Oil Mill, Nagaur

Shri Prakash Sharma, proprietor of the unit, appeared before the committee.

The case was placed before the Special HOLC in its meeting held on 29.05.07 which was attended by Shri Prakash Sharma, proprietor of the unit. After discussion, the committee offered to settle the account in a consideration of Rs. 9.87 lac less upfront amount of Rs. 1.87 lac, therefore, net settlement amount of Rs. 8.00 lac but the offer of the committee was not accepted by the promoter, hence, the case was rejected. Simultaneously, the committee also decided to conduct a Departmental Enquiry regarding lapses in sanctioning/execution/ disbursement of loan particularly the working capital term loan and releasing of collateral security. The Departmental Enquiry has already been initiated by Vigilance Cell of the Corporation.

After rejection, the promoter of the unit pressing hard for considering his appeal to SLC without payment of required upfront amount i.e. 15% of principal + other money outstanding. The competent authority, however, granted necessary permission for condonation of delay as well as to admit the appeal on payment of 50% of required upfront amount. The promoter has

deposited the required registration fees and more than 50% of required upfront amount. Therefore, it is an appeal case.

A loan of Rs. 9.48 lac was sanctioned on 29.11.94 under Single Window Scheme of the Corporation (Rs. 5.98 lac for fixed assets and Rs. 3.50 lac for Working Capital). Out of the sanctioned amount a sum of Rs. 3.45 lac and Rs. 2.79 lac was disbursed for creation of fixed assets and working capital respectively. The factory of the unit is lying closed and loan account of the unit was "Doubtful" on 31.03.04. MRV of the fixed assets as reported to Rs. 6.50 lac. The value of collateral security has been reported to Rs. 4.32 lac, out of which collateral security of Shri Pukhraj Sharma worth of Rs. 3.50 lac was to be released by the branch but the same has not yet been released and continuining with the Corporation till now. For recovery of the dues, Corporation has initiated action under Section 32(G) and ROD has already been sent to District Collector, Nagaur as reported by the BO.

A sum of Rs. 54.74 lac were outstanding as on 01.03.08, out of which the principal sum is Rs. 6.24 lac, interest is Rs. 48.47 lac and other money is Rs. 0.03 lac. MRV of the financed assets is Rs. 6.50 lac. Value of present collateral security is Rs. 4.32 lac and personal guarantee of partners is not available. Initially the unit was a partnership firm having two partners Shri Prakash Chand Sharma and Shri Jugal Kishore Sharma. Shri Pukhraj and Shri Navratan Mal have provided collateral security for working capital loan.

After detailed discussions with the promoter and considering all the facts and position of the case, the committee offered to settle the account in a consideration of Rs. 6.94 lac **less** upfront amount of Rs. 0.94 lac i.e. the net payable settlement amount of Rs. lac, 6.00 lac which shall be as follows:-

i) Rs. 1.50 lac upto March, 2008
ii) Remaining settled amount i.e. Rs. 4.50 lac in three equal monthly instalments of Rs. 1.50 lac each commencing from April, 2008 to June, 2008.

No interest shall be charged upto 31.3.2008 and w.e.f. 01.04.08 interest shall be charged @ 13% p.a. on simple basis on the unpaid settlement amount.

The promoter of the company consented to the settlement.

4. M/s Shiv Shakti Polychem Inds., Bagru, Jaipur (DDW Case)

Since nobody turned up, hence, consideration of the above case was **deferred**.

GENERAL OBSERVATIONS:

1) If the party fails to make payment strictly as per decision of the committee, BO concerned will initiate recovery action at their level.
2) 5% recovery charges to be sent to Collector concerned are included in the settlement amount, where recovery is effected on account of action initiated under Section 32(G) as per provision of Circular No.FR.365 dated 3.10.2005 and dated 31.10.2005.
3) Court case, if any, shall be withdrawn by the party.
4) Actual other money not debited so far is to be recovered over & above the settlement amount. Branch Office will let it know to the party about amount of other money, if any, within a month from the issue of this order.
5) Wherever settlement amount is to be paid in instalment, the party will produce PDCs in the BO payable on 15th of the each month or date specified by the Committee, as the case may be. BO has to ensure that PDC's are invariably taken in such cases.

GENERAL MANAGER(D)
MEMBER SECRETARY

RAJASTHAN FINANCIAL CORPORATION
(FR Division)

MINUTES
81st SLC Meeting
Date : 27.03.2008

Present:

Shri B.N. Sharma, IAS Chairman & Managing Director	:	In Chair
Shri Kamal Mehta, Director	:	Member
Shri Pawan Arora, Executive Director	:	Member
Shri R.S. Gupta, Advisor Finance	:	Member
Shri Suman Kumar Vig, General Manager(D)	:	Member Secretary

Shri K.K. Parashar, DGM(FR-ARRC), Shri L.K. Ajmera, DGM(DDW), Shri A.P. Mathur, DGM(FR), Shri N.K. Jain, Manager(FR-1), Shri Dinesh Mohan, Manager (FR-2), Shri S.S.Agarwal, Manager(FR-3), Shri Deepak Verma, Manager(FR-ARRC), Shri S.K. Gupta, DM(FR) and Shri Naveen Ajmera, DM(FR) were also present.

I. Action taken report on the decision of earlier SLC meetings.

Noted

II. Confirmation of the minutes of SLC meeting held on 15.03.08.

Minutes were confirmed.

III. The committee considered the agenda notes of the following cases placed before it and decided as follows:

1. M/s Shiv Shakti Polychem Inds., Bagru, Jaipur (DDW Case)

Shri Ramesh Solanki, partner of the unit, appeared before the committee.

This is a deficit case having total deficit of Rs. 62.67 lac (principal Rs. 22.93 lac + interest and other money Rs. 39.74 lac). This case was placed before Spl. HOLC in its meeting held on 30.01.08 in which the Special HOLC decided to settle the loan account at principal sum deficit amount of Rs. 22.93 lac less upfront amount Rs. 3.47 lac, the net payable Rs. 19.46 lac which was to be paid by the party in 12 equal monthly instalments commencing from Feb., 2008 to Jan., 2009. On the

said decision of Special HOLC, the promoter Shri Ramesh Solanki gave his consent.

However, despite giving consent on the said decision of Special HOLC, the party has deposited without prior permission of competent authority registration fees and upfront payment for making appeal to SLC.

The committee noted that no appeal is allowed in cases settled by consent of the promoter thus this case should have not been registered for appeal. However, the committee discussed the facts of the case and was of the view that there is hardly any scope for reconsideration of the decision of Special HOLC dated 30.01.08 because as per norms no account can be settled below principal sum deficit amount in any case.

Shri Solanki requested to the committee that his case was earlier placed before the SLC in its meeting held on 28.02.01 in which SLC decided to settle the loan account on Rs. 28.00 lac which was to paid by them upto December, 2001 but they could only deposit a sum of Rs. 10.00 lac (including upfront payment of Rs. 4.23 lac + further payment of Rs. 5.77 lac) and could not deposit further amount as per the said decision. Thereafter the Corporation taken over the possession of the unit on 16.05.05 and sold the unit in October, 2005 at a price of Rs. 24.25 lac leaving a deficit of Rs. 62.67 lac. Shri Solanki requested the committee to revive the decision taken by SLC in Feb., 2001 and to recover the amount alongwith interest for the delayed period after adjusting the deposits and sale proceeds.

The committee observed that as per norms the account can not be settled below Rs. 22.93 lac (i.e. the principal sum deficit amount). However, the committee was of the view that the request of the party to deposit further Rs. 10.00 lac (in addition to all earlier payments including upfront amount paid by the unit for Special HOLC and SLC) full & final settlement may be placed before the Board for consideration and taking the decision.

2. M/s Vinayak Agrotech Ltd., VKIA, Jaipur (ARRC Case)

Shri S.P. Sureka, Director and Shri K.N. Nair, Sr. Executive of the company appeared before the committee.

It is a BIFR registered case and also jointly financed case. RFC has joined hands with RIICO by sanctioning a term loan of Rs. 25.00 lac, out of which Rs.21.97 lac were disbursed for setting up a edible oil/vanaspati manufacturing unit at I.A., VKIA, Jaipur.

On the directions of the BIFR this case was placed before SLC meeting held on 17.11.05. The decision of the committee is reproduced below:-

This case was earlier placed before SLC on 13th January, 2004 and decision taken by the committee was communicated to the company. BIFR vide its order dated 18th November, 2004 circulated draft rehabilitation scheme for revival of the company. Under the said draft rehabilitation scheme, relief and concessions were envisaged from RFC. RIICO is the lead term lending institution in this case. In the last meeting of BIFR held on 14th July, 2005 the revival scheme was sanctioned. RIICO Ltd. has already agreed to the relief and concessions and informed to the said company on 17th October, 2005.

After detailed discussions, the committee decided to agree to the following relief and concessions in respect of its outstanding term loan:-

i) One Time Settlement (OTS) of Rs. 27.37 lac including a sum of Rs. 6.51 lac) already paid, 10% of the settlement amount would be payable within 30 days after sanction of the scheme and balance settlement amount would be payable in 24 equal monthly instalments commencing one month after down payment. Simple interest @ 11% shall be chargeable from 20th November, 2003 to 31st March, 2005. This amount shall be payable alongwith remaining instalments over 24 months, whereas the normal interest rate shall be paid on due date. Subsequently, the company shall pay interest (on the remaining amount) at the prevailing rate.

ii) To grant permission for sale of surplus/obsolete assets(on the lines of RIICO).

iii) To grant NOC for first charge of new assets created by the unit as a part of modernization in favour of its financers on exclusive charge basis.

Against the OTS arrived in the said SLC, the company did not pay any amount, therefore, the settlement arrived at in the SLC meeting held on 17.11.05 was withdrawn and communicated to the company. BIFR was also requested for permitting the Corporation to initiate recovery action against the company in view of non adherence to the BIFR's sanctioned scheme. BIFR vide order dated 3.10.07 issued following directions in respect of term lending institutions i.e. RIICO & RFC.

"Both RIICO & RFC would take pragmatic approach in regard to the request made by the company before them for waiver of interest on account of delay in payment of their dues and they would also communicate their decision in this regard to the company within the same period of 30 days, with copies thereof to MA(SBBJ) and the Board."

After the above directions, the company approached the Corporation for settlement of their case once again.

After detailed discussions with the director and considering all the facts and position of the case the committee decided to settle the case on the same terms & conditions which was agreed upon in the SLC meeting dated 17.11.05. The liability of the unit shall be worked out accordingly. In this manner a sum of Rs. 36.65 lac works out to be payable as on 31.03.08. Hence, the committee decided to settle the account on Rs. 36.65 lac less upfront amount of Rs. 3.29 lac i.e. net payable amount of Rs. 33.36 lac. The committee further decided that a rebate of 5% would be given on the net payable amount so arrived at provided the company pays 20% of net payable settlement amount by 31.03.08. The payment would be made as follows:-

a) Rs. 6,67,200/- i.e. 20% of net payable amount of Rs. 33.36 lac by 31.03.08
b) Balance Rs. 26,68,800/-minus Rs. 1,66,800/- (5% rebate if Rs. 6,67,200/- is deposited/paid by 31.03.08) i.e. Rs. 25,02,000/- within 60 days.
c) No interest shall be charged if full payment as per settlement is received within 60 days.

The Director of the unit consented to the settlement.

3. M/s Shree Nakoda Gases Ltd, Balotra (ARRC Case)

Shri Bharat Kothari, Director and Smt. Urmila Devi, Director of the company appeared before the committee.

A loan of Rs. 57.00 lac was sanctioned on 30.08.96, out of which Rs. 52.52 lac was disbursed. The company is engaged in an LPG refilling activities. On account of non payment of dues of the Corporation, possession of the primary assets was taken over on 01.03.08 and paper possession of the collateral security situated at Jasol, Distt. Barmer was also taken on 01.03.08. The family of the promoter is also residing in the house. The health code category of the unit as on 31.03.04 was “Doubtful”.

A sum of Rs. 371.00 lac was outstanding as on 01.03.08 including principal Rs. 52.52 lac, interest Rs. 318.40 lac and other money Rs. 0.08 lac. The value of the collateral securities located at Jasol and Ahmedabad are Rs. 45.00 lac.

After detailed discussions with the Directors and considering all the facts and position of the case, the committee decided to settle the account in a consideration of Rs. 110.58 lac **less** upfront amount of Rs. 10.58 lac, i.e. at the net payable settlement amount of Rs.100.00 lac, which shall be paid by the unit as follows:-

Rs. 15.00 lac upto March, 2008
Rs. 85.00 lac in seven equal monthly instalments commencing from the month of April, 2008 to October, 2008.

No interest would be charged upto March, 2008 and thereafter w.e.f. 01.04.08 interest @ 13% p.a. on simple basis shall be charged on the unpaid amount of settlement.

The directors of the company consented to the settlement.

4. M/s Datar Ara & Flour Udyog, Bhilwara (DDW Case)

Earlier the case was placed before the Special HOLC in its meeting held on 17.12.2007 and following decision was taken.

"It is a write off/written back case. Therefore, inspite of absence of promoter, the committee considered the case. A loan of Rs. 0.25 lac was sanctioned on 28.04.83 for setting up an Ara Machine & Flour Mills. Out of which Rs. 0.25 lac was disbursed. The amount of Rs. 24,926/- has been written off and Rs. 26,499/- has been written back during the year 1994-95. MRV of the prime assets is Rs. 7.61 lac. There is no collateral security as well as third party guarantee is available.

After detailed discussions and considering all the facts and position of the case, the committee considered the recommendation of the Branch Manager and decided to settle the account in a consideration of Rs 51,425/- **less** upfront amount of Rs. 25,000/-, i.e. at the net payable settlement amount of Rs. 26,425/-, which shall be paid by the unit upto 31st Jan., 2008 without any interest."

Subsequently, District Collector, Bhilwara vide his letter dated 14.03.08 has brought to the notice of Hon'ble CMD that notices for depositing Rs. 25,000/- has been issued by BO, Bhilwara on 16.07.07 and 13.08.07 to Shri Iqbal Khan promoter of M/s Datar Ara & Flour Mill, Bhilwara to get their account settled under OTS scheme of the Corporation. Accordingly, party had deposited Rs. 25,000/- even before the meeting of settlement committee dated 17.12.07. Therefore, additional demand of Rs. 26,425/- of Corporation to settle the account as per decision of Special HOLC appears to be not justified. On the basis of above letter of the Collector, Bhilwara the case was placed in the SLC meeting without calling the party.

After considering all the facts the committee noted that since the party has already deposited Rs. 25,000/- as demanded by the BO, Bhilwara, therefore, further demand from the unit is not justifiable, hence, the committee has decided to treat the case as settled without asking for any further payment.

5. M/s Akash Ganga Transformers & Electricals, Sawaimadhopur

Shri P.C. Bhargav, proprietor of the unit, appeared before the committee.

Earlier this case was placed in the Special HOLC meeting held on 17.12.07 wherein the case was settled in a consideration of Rs. 2.18 lac less upfront amount of Rs. 0.18 lac, i.e. at the net payable settlement amount of Rs. 2.00 lac which was to be paid in Jan., 2008 itself. Shri Bhargav has also given consent to the above decision but lateron he did not deposited any amount on the plea that the correct liability of the unit particularly interest charged by the Corporation was not made known to him. Secondly, the decision taken by the committee was not in the spirit of direction of Hon'ble Court, Sawaimadhopur, therefore, he prayed for an appeal to the SLC which was accepted by the competent authority as an special case. Hence, the case was registered as an appeal to the decision of Special HOLC.

It is a deferred sale case where assets of a sick unit were sold on 20.12.1995 in a consideration of Rs. 2.31 lac on 50% deferred payment basis, therefore, the deferred loan was Rs. 1.16 lac.

The agreement to sell was executed on 11.07.1996 and the possession of the assets was handed over on 25.07.96 "as is where is basis". The working capital to the erstwhile unit was provided by BOB, therefore, the material of the unit was stored in store rooms/ godown, possession of which was with the BOB which could be got vacated and handed over to the purchaser on 6.09.2000. The promoter is claiming that no interest should be charged from them till 6.09.2000 i.e. the date on which full possession was handed over to them. The promoter has also gone into the court and the Hon'ble Court, Sawaimadhopur has also directed RFC not to charge any interest till 6.9.2000. The RFC has gone in appeal in D.J. Court, Sawaimadhopur for the above decision which is still pending.

Earlier this case was placed in HOLC meeting held on 13.02.2001 but the case could not be settled because of adamancy of promoter to pay only principal sum.

The category of the loan account was 'Doubtful' as on 31.03.04. The unit is lying closed. A sum of Rs. 3.69 lac were outstanding as on 01.03.2008, out of which Rs. 1.16 lac towards principal and Rs. 2.53 lac towards interest. The MRV of the financed assets is Rs. 8.49 lac and the value of collateral security is NIL. There is no third party guarantee available. However, the outstanding worked out as per decision of the Hon'ble Court is Rs. 1,09,181.00(Principal Rs. 52,075.00 and Interest Rs. 57,106.00)

After detailed discussions with the promoter and considering all the facts and position of the case particularly the direction of the Hon'ble Court for not to charge any interest upto 06.09.2000, the committee decided to settle the account in a consideration of Rs.1.18 lac **less** upfront amount of Rs. 0.18 lac, i.e. at the net payable settlement amount of Rs. 1.00 lac, which shall be paid by the unit upto 31st March, 2008 without any interest.

Shri Bhargav has consented to the decision and also delivered the cheque of Rs.1.00 lac dated 27.03.2008 payable at SBI, Sawaimadhopur in the meeting itself.

GENERAL OBSERVATIONS:

1) If the party fails to make payment strictly as per decision of the committee, BO concerned will initiate recovery action at their level.
2) 5% recovery charges to be sent to Collector concerned are included in the settlement amount, where recovery is effected on account of action initiated under Section 32(G) as per provision of Circular No.FR.365 dated 3.10.2005 and dated 31.10.2005.
3) Court case, if any, shall be withdrawn by the party.
4) Actual other money not debited so far is to be recovered over & above the settlement amount. Branch Office will let it know to the party about amount of other money, if any, within a month from the issue of this order.
5) Wherever settlement amount is to be paid in instalment, the party will produce PDCs in the BO payable on 15th of the each month or date specified by the Committee, as the case may be. BO has to ensure that PDC's are invariably taken in such cases.

GENERAL MANAGER(D)
MEMBER SECRETARY

RAJASTHAN FINANCIAL CORPORATION
(FR Division)

MINUTES
82nd SLC Meeting
Date : 31.05.2008

Present:

Shri B.N. Sharma, IAS Chairman & Managing Director	:	In Chair
Shri Kuldeep Ranka, IAS Managing Director. RIICO	:	Member
Shri Kamal Mehta, Director	:	Member
Shri Pawan Arora, Executive Director	:	Member
Shri R.S. Gupta, Advisor Finance	:	Member

Shri L.K. Ajmera, DGM(DDW), Shri A.P. Mathur, DGM(FR), Shri N.K. Jain, Manager(FR-1), Shri H.C. Khunteta, Manager(FR-DDW), Shri Dinesh Mohan, Manager (FR-2), Shri S.S.Agarwal, Manager(FR-3) and Shri Naveen Ajmera, DM(FR) were also present.

I. Confirmation of the minutes of SLC meeting held on 27.03.08.

Minutes were confirmed.

II. The committee considered the agenda notes of the following cases placed before it and decided as follows:

1. M/s NLP Organics (P) Ltd.,Bhiwadi

Proposal for One Time Settlement of the aforesaid loan account was placed before the Special HOLC in its meeting held on 27.03.2008. The minutes is reproduced below:-

"Shri Anil Bahel, Managing Director of the company, appeared before the committee.

A loan of Rs. 30.90 lac sanctioned on 8.02.87 and Rs. 6.40 lac was sanction on 27.02.88 respectively, out of which total sum of Rs. 31.34 lac was disbursed. The unit is engaged in manufacturing of basic drugs and drug formulation having its factory at Bhiwadi.

The unit is running one. The Corporation has filed application u/s 31(1)(aa) for recovery of dues but it could not yield recovery till date hence withdrawal application has been filed by the Corporation and it was decided to take legal

action u/s 30/29 of the SFCs Act. Legal notice was issued u/s 30 and date for take over of the unit was fixed as 22.02.08 but in the meantime the promoter approached for one time settlement hence the case was registered for OTS.

A sum of Rs. 419.12 lac is outstanding as on 01.03.2008, (principal sum Rs. 31.34 lac, interest Rs. 387.72 lac and other money Rs. 0.06 lac). The MRV of the financed assets is Rs. 255.84 lac. Category of the loan account was "Doubtful" as on 31.03.04. No collateral security as well as third party guarantee is available.

After detailed discussions with the promoter and considering all the facts and position of the case, the committee offered to settle the account in a consideration of Rs. 249.28 lac less upfront amount of Rs. 6.28 lac, i.e. at the net payable settlement amount of Rs. 243.00 lac, allowing time to deposit the settlement amount upto December, 2008 alongwith interest @ 13% p.a. w.e.f. 01.04.08 but the party sought time on which it was decided that in case party submits its consent latest by 10.00 A.M. on 28.03.08 at BO then the case will be treated as settled and in case it fails to submit its consent by 10.00 AM on 28.03.08, then BO will take over the possession of the unit immediately on 28.03.08."

Since the sacrifice amount in the aforesaid case is more than Rs. 1.00 crore (Rs. 419.12 lac minus Rs. 249.28 lac = Rs. 169.84 lac), hence, the decision taken by the Special HOLC was placed before the meeting for ex-post-facto approval.

The committee has noted that the company has not paid any amount as per the terms of settlement and considering the norms for calculating the MRV of assets particularly land being followed by the other institutions (RIICO) it has been decided by the committee that promoter/director of the unit be called in the next meeting in order to take a decision.

2. M/s Rajawat Salt Inds., Teh., Nawa, Distt. Nagaur (B.O.), Makrana

Shri Rajveer Singh, promoter of the unit, appeared before the committee.

The case was placed before Spl.HOLC in its meeting held on 27.03.08 wherein committee offered to settle the account in a consideration of Rs.3.11 lac less upfront amount of Rs. 0.30 lac (rounded off), i.e. at the net payable settlement amount of Rs. 2.81 lac, but the party did not accept the offer given by the committee, hence, the case was rejected

Aggrieved with the decision of the committee, the party made an appeal to SLC, hence, it is an appeal case.

A loan of Rs. 2.90 lac was sanctioned on 30.03.92, out of which Rs. 1.51 lac were disbursed for manufacturing of common salt.

A sum of Rs. 14.10 lac is outstanding as on 01.03.2008, (principal sum Rs. 1.51 lac and interest Rs. 12.59 lac). The unit is running one. Category of the loan account was "Doubtful" as on 31.03.04. MRV of the financed assets is Rs. 7.40 lac. No collateral security as well as third party guarantee is available. Action u/s 32(G) has been initiated.

After detailed discussions with the promoter and considering all the facts and position of the case, the committee decided to settle the account in a consideration of Rs.2.83 lac less upfront amount of Rs. 0.23 lac (rounded off), i.e. at the net payable settlement amount of Rs. 2.60 lac, which shall be paid by the party in seven equal monthly instalments commencing from June, 2008 to December, 2008.

No interest would be charged upto June, 2008 and thereafter w.e.f. 01.07.08 interest @ 13% p.a. on simple basis shall be charged on the unpaid amount of settlement.

The promoter of the unit consented to the settlement.

3. M/s Mahalaxmi Ice Factory, Dholpur (ARRC Case)

Fax message was received from the party showing his inability to attend the meeting, hence, the consideration of the case was **deferred.**

4. M/s Merta Cement (P) Ltd., Merta City, Nagaur (DDW Case)

Shri Tara Chand Bansal, Shri D.K. Goyal and Shri O.P. Goyal, directors of the company, appeared before the committee.

It is a deficit case. The case was placed before Spl.HOLC in its meeting held on 31.01.08. Though nobody attended the meeting from the party side but being a deficit case, the committee at its own decided to settle the account in a consideration of Rs.19.28 lac less upfront amount of Rs. 2.90 lac, i.e. at the net payable settlement amount of Rs. 16.38 lac which was to be paid by the unit upto June, 2008 in five equal instalments. Instead of paying the settled amount the company has preferred an appeal to SLC requesting for settlement of their loan account after waiver of penal interest charged by the Corporation since beginning. The competent authority has condoned the delay in making appeal, hence, it is an appeal case.

The Corporation have granted loan of Rs. 83.00 lac on 18.06.92, out of which Rs. 75.78 lac was disbursed upto 30.01.95 for setting up a mini cement plant. The unit was taken into possession on 26.03.98 and sold in a consideration of Rs. 81.00 lac leaving a deficit of Rs. 19.21 lac in principal head and Rs. 0.07 lac towards other money.

The prime assets has already been sold and no collateral security/third party guarantee is available in the case.

A sum of Rs. 19.28 lac is outstanding (principal sum Rs. 19.21 lac and other money Rs. 0.07 lac).

After detailed discussions with the promoter and considering all the facts and position of the case, the committee decided to settle the account in a consideration of Rs. 19.28 lac less upfront amount of Rs. 5.36 lac (Rs. 2.90 lac on 30.11.07 and Rs. 2.46 lac on 30.03.08), i.e. at the net payable settlement amount of Rs. 13.92 lac, which shall be paid by the party in nine equal monthly instalments commencing from the month of June, 2008 to Feb., 2009 without any interest.

As no interest is to be charged on the instalments, hence, it was also decided to place the case before the Board for ex-post-facto approval.

The directors of the company consented to the settlement.

5. M/s Sparsh Coir Matteresses (P) Ltd., Dholpur (ARRC Case)

Shri Ramesh Chand Gupta, director, appeared before the committee.

On account of non payment of the dues, the assets of the unit were taken into possession on 4.8.05 thereafter the unit was auctioned five times but no bidder turned up.

The case was placed before HOLC in its meeting held on 13.06.06 wherein committee offered to settle the account in a consideration of Rs. 53.70 lac less upfront amount of Rs. 6.70 lac, i.e. at the net payable settlement amount of Rs. 47.00 lac, which was to be paid in four quarterly instalments of Rs. 11.75 lac each on 25th September, 2006, 25th December, 2006, 25th March, 2007 and 25th June, 2007. The director of the company consented to the above settlement. The decision of HOLC was also confirmed by SLC dated 6.7.06, but the promoter later on did not adhere the above settlement.

Upon failure to adhere the settlement made by HOLC dated 13.6.06, the assets of the unit were again put to auction on 26.03.08 and at BO level Sale committee an offer of Rs. 23.50 lac on deferred payment basis was received which was equivalent to 54.75% of MRV, therefore, case was referred to HO level sale cum negotiation committee. Accordingly, the case was placed before HO level sale cum negotiation committee on 28.04.08 but the sale could not be finalized as the original borrower has represented for taking back the possession of the unit by submitting a DD

of Rs. 6.95 lac as registration charge as well as upfront amount for SLC. The competent authority has allowed to place the case before SLC.

The MRV of the prime assets is Rs. 42.92 lac. No collateral security is available. However, the Corporation is having third party guarantee, value of which is Rs. 45.00 lac. The outstanding as on 31.03.08 was Rs. 71.27 lac (Principal Rs. 44.44 lac, interest Rs. 25.41 lac and other money Rs. 1.42 lac). The simple interest (upto 31.03.08) for the possession period works out to Rs. 14.48 lac, hence, the total outstanding increased to Rs. 85.75 lac.

After detailed discussions with the promoter and considering all the facts and position of the case, the committee decided to settle the account in a consideration of Rs. 46.40 lac less upfront amount of Rs.6.90 lac, i.e. at the net payable settlement amount of Rs. 39.50 lac, which shall be paid by the party in six equal monthly instalments commencing from the month of June, 2008 to November, 2008.

No interest would be charged upto 30th June, 2008 and thereafter w.e.f. 01.07.08 interest @ 13% p.a. on simple basis shall be charged on the unpaid amount of settlement.

The director of the company consented to the settlement.

6. M/s Jagdamba Engg. Works, Makrana

The case was placed before Spl. HOLC in its meeting held on 2.5.08 wherein the committee offered to settle the account in a consideration of Rs. 3.51 lac less upfront amount of Rs. 0.26 lac, i.e. at the net payable settlement amount of Rs. 3.25 lac, but the above offer of the committee was not accepted by the party hence, the case was rejected.

Aggrieved with the decision of the committee, the party made an appeal to SLC, hence, it is an appeal case.

A loan of Rs. 1.44 lac was sanctioned on 11.11.94, out of which Rs. 1.28 lac was disbursed to the unit for setting up a engineering workshop unit.

A sum of Rs. 6.56 lac was outstanding as on 01.03.2008, (principal sum Rs. 1.27 lac and interest Rs. 5.29 lac). The unit is lying closed. Category of the loan account was “Doubtful” as on 31.03.04. MRV of financed assets is Rs. 1.05 lac. The roofing sheets and truces are missing in the building portion and P&M are also missing which were reported to have been sold by the promoter himself. No collateral security and third party guarantee is available.

After detailed discussions with the promoter and considering all the facts and position of the case, the committee decided to settle the account in a consideration of Rs.1.99 lac less upfront amount of Rs.0.19 lac, i.e. at the net payable settlement amount of Rs. 1.80 lac, which shall be paid by the party in six equal monthly instalments commencing from the month of June, 2008 to November, 2008.

No interest would be charged upto 30th June, 2008 and thereafter w.e.f. 01.07.08 interest @ 13% p.a. on simple basis shall be charged on the unpaid amount of settlement.

The proprietor of the company consented to the settlement.

GENERAL OBSERVATIONS:

1) If the party fails to make payment strictly as per decision of the committee, BO concerned will initiate recovery action at their level.
2) 5% recovery charges to be sent to Collector concerned are included in the settlement amount, where recovery is effected on account of action initiated under Section 32(G) as per provision of Circular No.FR.365 dated 3.10.2005 and dated 31.10.2005.
3) Court case, if any, shall be withdrawn by the party.
4) Actual other money not debited so far is to be recovered over & above the settlement amount. Branch Office will let it know to the party about amount of other money, if any, within a month from the issue of this order.
5) Wherever settlement amount is to be paid in instalment, the party will produce PDCs in the BO payable on 15th of the each month or date specified by the Committee, as the case may be. BO has to ensure that PDC's are invariably taken in such cases.
6) Subsidy, if any, shall be recoverable separately as per norms.

DY. GENERAL MANAGER(FR)

RAJASTHAN FINANCIAL CORPORATION
(FR Division)

MINUTES
83rd SLC Meeting
Date : 21.06.2008

Present:

Shri B.N. Sharma, IAS Chairman & Managing Director	:	In Chair
Shri Kuldeep Ranka, IAS Managing Director. RIICO	:	Member
Shri C.P. Sharma, Sr. Divisional Manager, LIC	:	Member
Shri Pawan Arora, Executive Director	:	Member
Shri R.S. Gupta, Advisor Finance	:	Member

Shri K.K. Parashar, DGM(FR-ARRC), Shri A.P. Mathur, DGM(FR), Shri N.K. Jain, Manager(FR-1), Shri Dinesh Mohan, Manager (FR-2), Shri S.S.Agarwal, Manager(FR-3), Shri Deepak Verma, Manager(FR-ARRC), Shri S.K. Gupta, DM(FR) and Shri Naveen Ajmera, DM(FR) were also present.

I. Confirmation of the minutes of SLC meeting held on 31.05.08.

Minutes were confirmed.

II. The committee considered the agenda notes of the following cases placed before it and decided as follows:

1. M/s Mahalaxmi Ice Factory, Dholpur (ARRC Case)

Smt. Vimala Devi, partner of the unit and Shri Anil Dayama, relative of the partner, appeared before the committee.

The case was placed before Spl.HOLC in its meeting held on 27.03.08 wherein committee offered to settle the account in a consideration of Rs. 23.48 lac less upfront amount of Rs. 1.48 lac, i.e. at the net payable settlement amount of Rs. 22.00 lac, but the party did not accept the offer given by the committee, hence, the case was rejected.

Aggrieved with the decision of the committee, the party made an appeal to SLC, hence, it is an appeal case.

A loan of Rs. 8.46 lac and Rs. 1.54 were sanctioned on 28.02.94 and 28.12.94 respectively, out of which Rs. 7.83 and Rs. 1.54 lac were disbursed for setting up Ice and Milk Chilling Plant at GT Road, Mania, Distt. Dholpur

Due to non payment of the Corporation dues, possession of the unit was taken over on 16.01.04. The assets were put to auction and sale was also approved in a consideration of Rs. 20.51 lac on deferred payment basis in favour of Shri Hemant Singh Poswal but purchaser did not deposit required amount of initial deposit hence the sale was cancelled and earnest money deposited was forfeited.

A sum of Rs. 19.66 lac is outstanding as on 31.03.2008, (principal sum Rs. 9.07 lac, interest Rs. 10.33 lac and other money Rs. 0.26 lac). The simple interest for the possession upto 30.04.08 is Rs. 15.23 lac, hence, the total outstanding becomes Rs.34.89 lac. The MRV of the prime assets is Rs. 28.85 lac. Category of the loan account was "Doubtful" as on 31.03.05. No collateral security/third party guarantee is available.

After detailed discussions with the promoter and considering all the facts and position of the case, the committee decided to settle the account in a consideration of Rs. 20.40 lac less upfront amount of Rs. 1.40 lac (rounded off), i.e. at the net payable settlement amount of Rs. 19.00 lac, which shall be paid by the party in three instalments from July to September, 2008

No interest would be charged upto 31st July, 2008 and thereafter w.e.f. 01.08.08 interest @ 13% p.a. on simple basis shall be charged on the unpaid amount of settlement.

The partner of the unit consented to the settlement.

2. M/s NLP Organics (P) Ltd., Bhiwadi

Proposal for One Time Settlement of the aforesaid loan account was placed before the Special HOLC in its meeting held on 27.03.2008. The minutes are reproduced below:-

"Shri Anil Bahel, Managing Director of the company, appeared before the committee.

A loan of Rs. 30.90 lac sanctioned on 8.02.87 and Rs. 6.40 lac was sanctioned on 27.02.88, out of which total sum of Rs. 31.34 lac was disbursed. The unit is engaged in manufacturing of basic drugs and drug formulation having its factory at Bhiwadi.

The unit is running one. The Corporation has filed application u/s 31(1)(aa) for recovery of dues but it could not yield recovery till date hence withdrawal application has been filed by the Corporation and it was decided to take legal action u/s 30/29 of the SFCs Act. Legal notice was issued u/s 30 and date for take over of the unit was fixed as

22.02.08 but in the meantime the promoter approached for one time settlement hence the case was registered for OTS.

A sum of Rs. 419.12 lac is outstanding as on 01.03.2008, (principal sum Rs. 31.34 lac, interest Rs. 387.72 lac and other money Rs. 0.06 lac). The MRV of the financed assets is Rs. 255.84 lac. Category of the loan account was "Doubtful" as on 31.03.04. No collateral security as well as third party guarantee is available.

After detailed discussions with the promoter and considering all the facts and position of the case, the committee offered to settle the account in a consideration of Rs. 249.28 lac less upfront amount of Rs. 6.28 lac, i.e. at the net payable settlement amount of Rs. 243.00 lac, allowing time to deposit the settlement amount upto December, 2008 alongwith interest @ 13% p.a. w.e.f. 01.04.08 but the party sought time on which it was decided that in case party submits its consent latest by 10.00 A.M. on 28.03.08 at BO then the case will be treated as settled and in case it fails to submit its consent by 10.00 AM on 28.03.08, then BO will take over the possession of the unit immediately on 28.03.08."

Since the sacrifice amount in the aforesaid case was more than Rs. 1.00 crore (Rs. 419.12 lac minus Rs. 249.28 lac = Rs. 169.84 lac), hence, the decision taken by the Special HOLC was placed before the meeting for ex-post-facto approval.

The committee has noted that the company has not paid any amount as per the terms of settlement and considering the norms for calculating the MRV of assets particularly of land being followed by the other institutions (RIICO) it has been decided by the committee that promoter/director of the unit be called in the next meeting in order to take a decision.

Accordingly the promoter was called to attend the meeting on 21.06.08.

Today, after detailed discussions with the promoter, Shri Anil Bahel and considering all the facts and position of the case, the committee decided to increase amount of settlement by Rs. 40.00 lac and accordingly the settlement earlier approved by Special HOLC will stand revised from Rs. 249.28 lac to Rs. 289.28 lac less upfront amount of Rs. 6.28 lac, i.e. at the net payable settlement amount of Rs. 283.00 lac, which shall be paid by the party as follows:-

Rs. 50.00 lac by 31.08.2008 and remaining amount of settlement of Rs. 233.00 lac will be paid in four equal monthly instalments commencing from the month of September, 2008 to December, 2008.

No interest would be charged upto 31st July, 2008 and thereafter w.e.f. 01.08.08 interest @ 13% p.a. on simple basis shall be charged on the unpaid amount of settlement.

During the meeting Shri Anil Bahel verbally agreed on the revised net settlement amount of Rs. 283.00 lac(although he has not given his consent in writing) however, he has sought two weeks time for furnishing his consent for payment of Rs. 50.00 lac to be made upto 31st August, 2008.

It has been decided by the committee that if Shri Bahel fails to submit his consent on the settlement amount as well as on the mode of payment as stated above within two weeks then the settlement will stand cancelled and Corporation will be free to take over the possession of the unit immediately.

3. M/s Vinayak Agrotech Ltd., VKIA, Jaipur (ARRC Case)

Though no representative attended the meeting but the case was discussed.

It is a BIFR registered case and also jointly financed case. RFC has joined hands with RIICO by sanctioning a term loan of Rs. 25.00 lac, out of which Rs.21.97 lac were disbursed for setting up a edible oil/vanaspati manufacturing unit at I.A., VKIA, Jaipur.

On the directions of the BIFR this case was placed before SLC meeting held on 17.11.05. The decision of the committee is reproduced below:-

This case was earlier placed before SLC on 13th January, 2004 and decision taken by the committee was communicated to the company. BIFR vide its order dated 18th November, 2004 circulated draft rehabilitation scheme for revival of the company. Under the said draft rehabilitation scheme, relief and concessions were envisaged from RFC. RIICO is the lead term lending institution in this case. In the last meeting of BIFR held on 14th July, 2005 the revival scheme was sanctioned. RIICO Ltd. has already agreed to the relief and concessions and informed to the said company on 17th October, 2005.

After detailed discussions, the SLC on 17.11.05 decided to agree to the following relief and concessions in respect of its outstanding term loan:-

i) One Time Settlement (OTS) of Rs. 27.37 lac including a sum of Rs. 6.51 lac already paid, 10% of the settlement amount would be payable within 30 days after sanction of the scheme and balance settlement amount would be payable in 24 equal monthly instalments commencing one month after down payment. Simple interest @ 11% shall be chargeable from 20th November, 2003 to 31st March, 2005. This amount shall be payable alongwith remaining instalments over 24 months, whereas the normal interest rate shall be paid on due date. Subsequently, the company shall pay interest (on the remaining amount) at the prevailing rate.

ii) To grant permission for sale of surplus/obsolete assets(on the lines of RIICO).

iii) To grant NOC for first charge of new assets created by the unit as a part of modernization in favour of its financers on exclusive charge basis.

Against the OTS arrived in the said SLC, the company did not pay any amount, therefore, the settlement arrived at in the SLC meeting held on 17.11.05 was withdrawn and communicated to the company. BIFR was also requested for permitting the Corporation to initiate recovery action against the company in view of non adherence to the BIFR's sanctioned scheme. BIFR vide order dated 3.10.07 issued following directions in respect of term lending institutions i.e. RIICO & RFC.

"Both RIICO & RFC would take pragmatic approach in regard to the request made by the company before them for waiver of interest on account of delay in payment of their dues and they would also communicate their decision in this regard to the company within the same period of 30 days, with copies thereof to MA(SBBJ) and the Board."

After the above directions, the company approached the Corporation for settlement of their case once again.

After detailed discussions with the director and considering all the facts and position of the case the committee on 27.03.2008 decided to settle the case on the same terms & conditions which was agreed upon in the SLC meeting dated 17.11.05. The liability of the unit shall be worked out accordingly. In this manner a sum of Rs. 36.65 lac works out to be payable as on 31.03.08. Hence, the committee decided to settle the account on Rs. 36.65 lac less upfront amount of Rs. 3.29 lac i.e. net payable amount of Rs. 33.36 lac. The committee further decided that a rebate of 5% would be given on the net payable amount so arrived at provided the company pays 20% of net payable settlement amount by 31.03.08. The payment would be made as follows:-

a) Rs. 6,67,200/- i.e. 20% of net payable amount of Rs. 33.36 lac by 31.03.08
b) Balance Rs. 26,68,800/-minus Rs. 1,66,800/- (5% rebate if Rs. 6,67,200/- is deposited/paid by 31.03.08) i.e. Rs. 25,02,000/- within 60 days.
c) No interest shall be charged if full payment as per settlement is received within 60 days.

The Director of the unit consented to the settlement.

As per the SLC settlement, a sum of Rs. 36.65 lac less upfront amount of Rs. 3.29 lac hence the net amount of Rs. 33.36 lac works out to be recoverable from the company in pursuance of Corporation's guidelines for calculation of simple interest(by applying the provisions of O&M Circular No. 417) according to which

the credit for amount received for any unit is considered at last while calculating the liability of any unit on simple interest basis.

The company, however, represented that the credit for the amount deposited (i.e. Rs. 6.51 lac) should be given on the very same day i.e. on the dates of payment and interest should not be charged thereafter as being charged by the Corporation. The company has already deposited Rs. 30,69,334.00 against one time settlement of their dues.

The competent authority has directed to place the request of the unit for charging simple interest only as per BIFR directions from 20.11.03 to 31.03.05 @ 11% p.a. on outstanding by giving credit on the dates on which amount was deposited, before SLC, hence the request was placed before SLC.

The matter was discussed in the committee and the committee decided that it being a BIFR case, therefore, the provision of O&M Circular No. 417 may not be made applicable in this case, hence, credit may be extended on the same day of deposition of the amount by the company while arriving at the liability on the basis of simple interest @ 11% p.a. The account may, therefore, be recast accordingly and if any amount works out to be recoverable, the company be asked to deposit the same so that the account may be settled.

4. M/s Khabros Steels (India) Ltd., Bhiwadi (ARRC Case)

Shri Karan Khanna, Director of the company, appeared before the committee.

It is a joint finance case with RIICO, SBI and IFCI. RFC sanctioned a loan of Rs. 30.00 lac on 27.09.1985 and the sanctioned amount was fully availed by the company. The unit was set up for manufacturing of stainless steel cutlery. The unit did not perform well and became sick. The Corporation in the year 1998 also granted a revival package alongwith certain relief and concessions but the company did not adhere to the conditions of revival package so no benefit was given as reported by BO. The company also approached to BIFR who ordered for winding up of the company on 16.08.2000. The company also made an appeal to AAIFR against BIFR order. This appeal was dismissed on 22.04.02. Presently, the company is under liquidation. There are heavy Central Excise dues and attachment of assets has been made by the Central Excise Department.

The other participating financial institutions i.e. IFCI, SBI and RIICO have settled their accounts with the company. For settlement of the loan account of RFC, the case was placed before the SLC in its meeting held on 28.05.07 in which the SLC offered to settle the loan account at 25% of the outstanding of the Corporation as on date (the balance outstanding as on 01.03.07 was Rs. 471.62 lakh) but the Director of the company sought time in order to consult other family members. But no acceptance received, hence, no settlement could be reached.

The company is time and again requesting to settle the loan account on the basis of settlement reached with RIICO. RIICO has settled the loan account at Rs. 72.00 lac as against the principal sum of Rs. 50.00 lac. The company has been requesting to settle their account on the same lines.

The unit is under possession of Central Excise Department for the recovery of their outstanding demand of Rs. 383.00 lac plus interest. The Central Excise Department has approached the Hon'ble Supreme Court and the case is still pending.

The company has already settled its account with other participating financial institutions as detailed below:-

(Rs. in lakh)

S.No.	Name of PFI	P. sum	Settled	Remarks
1.	IFCI	137.00	70.00	Debt assigned
2.	SBI	212.00	82.50	-
3.	RIICO	50.00	72.00	Debt assigned

The company has submitted copies of letter No. 42938 dated 14.07.06 of IFCI, letter No. 777 of SBI and letter dated 29.03.07 of RIICO and copy of agreements conferring assignment of debt by IFCI & RIICO as documentary proof for the above settlement/arrangements.

A sum of Rs. 547.88 lac is outstanding as on 01.06.08, (principal sum Rs. 30.00 lac and interest Rs. 517.88 lac) MRV: Rs. 623.96 lakh (Land: Rs. 508.31 lac plus Building Rs.50.57 lac) (MRV of P&M could not be assessed as the unit is under possession of OL as well as under attachment of Central Excise Department. However, as per the valuation report of M/s Hardicon Ltd. submitted by the party, the value of P&M works out to Rs. 65.08 lac)

The party has deposited a sum of Rs. 101.37 lac to the Corporation since beginning including upfront amount of Rs. 9.22 lac.

The committee noted that the share of the RFC in total funding of the company is only 13%. The assets of the company are under attachment of the Central Excise Department, company is under liquidation, the net MRV after taking into consideration the outstanding demand of the Central Excise Department works out about Rs. 240.96 lac approximately thus 13% of the net MRV works out to Rs. 31.32 lac.

After detailed discussion with the Director of the company, the committee decided to settle the case on the similar lines of RIICO accordingly the

settlement amount works out to Rs. 43.20 lac and after deducting upfront amount of Rs. 9.22 lac, the net payable settlement amount comes to Rs. 33.98 lac which shall be paid by the company latest by 31.07.08.

GENERAL OBSERVATIONS:

1) If the party fails to make payment strictly as per decision of the committee, BO concerned will initiate recovery action at their level.
2) 5% recovery charges to be sent to Collector concerned are included in the settlement amount, where recovery is effected on account of action initiated under Section 32(G) as per provision of Circular No.FR.365 dated 3.10.2005 and dated 31.10.2005.
3) Court case, if any, shall be withdrawn by the party.
4) Actual other money not debited so far is to be recovered over & above the settlement amount. Branch Office will let it know to the party about amount of other money, if any, within a month from the issue of this order.
5) Wherever settlement amount is to be paid in instalment, the party will produce PDCs in the BO payable on 15th of the each month or date specified by the Committee, as the case may be. BO has to ensure that PDC's are invariably taken in such cases.
6) Subsidy, if any, shall be recoverable separately as per norms.

GENERAL MANAGER(D)
MEMBER SECRETARY

RAJASTHAN FINANCIAL CORPORATION
(FR Division)

MINUTES
84th SLC Meeting
Date : 30.08.2008

Present:

Shri A.K.Garg, IAS Chairman & Managing Director	:	In Chair
Shri Kamal Mehta, Director	:	Member
Shri Pawan Arora, Executive Director	:	Member
Shri R.S. Gupta, Advisor Finance	:	Member
Shri K.K. Parashar, DGM(FR-ARRC)	:	Member Secretary

Shri L.K.Ajmera, DGM(FR-DDW), Shri Shri A.P.Mathur, DGM(FR-1), P.K.Singh, DGM(FR-2), Shri N.K.Jain, Manager (FR-1), Shri Dinesh Mohan, Manager (FR-2), Shri P.D.Verma, Manager(FR-3), Shri Deepak Verma, Manager(FR-ARRC) and Shri Naveen Ajmera, DM(FR) were also present.

I. Confirmation of the minutes of SLC meeting held on 21.06.08.

Minutes were confirmed.

II. The committee considered the agenda notes of the following cases placed before it and decided as follows:

1. M/s Jatav Chips & Stone Suppliers, Baran

Shri Ram Prasad Jatav, proprietor of the unit, appeared before the committee.

This case was placed before Spl HOLC in its meeting held on 02.05.08 wherein the committee offered to settle the account in a consideration of Rs.2.29 lac less upfront amount of Rs.0.29 lac i.e. at the net payable settlement amount of Rs.2.00 lac. The promoter who represented the case, verbally agreed to the offer of committee but did not furnish his consent in writing hence, the committee decided that in case consent is received in next 15 days, then the case may be treated as settled otherwise it will be treated as rejected and necessary action for recovery will be initiated as per norms. The promoter however, didn't furnish his consent to the above offer of the committee and made an appeal for SLC.

A loan of Rs.1.62 lac was sanctioned on 20.2.95, out of which Rs.1.50 lac was disbursed for manufacturing of Cement tiles.

A sum of Rs.3.45 lac is outstanding as on 01.06.2008, (principal sum Rs.1.46 lac and interest Rs1.99 lac). The MRV of the prime assets i.e. P&M is

Rs.0.35 lac. The land and building are not financed by the Corporation. MRV of the same is Rs.2.10 lac. No collateral security as well as third party guarantee is available. Category of the loan account was "Doubtful" as on 31.03.05.

The proprietor belongs to SC category. The promoter has represented that MRV of L&B and P&M is only Rs.1.60 lac. The unit is lying closed. Legal action u/s 30 has been initiated against the unit on 13.1.07. No ROD has been sent.

After detailed discussions with the promoter and considering all the facts and position of the case, the committee offered to settle the account in a consideration of Rs.1.68 lac less upfront amount deposited (0.29 lac for Spl HOLC and 0.22 lac for SLC) i.e. at the net payable settlement amount of Rs.1.17 lac, which shall be paid by the party in 4 equal monthly instalments commencing from September,08.

No interest would be charged upto 30.09.2008 and thereafter w.e.f. 01.10.08 interest @ 13% p.a. on simple basis shall be charged on the unpaid amount of settlement.

The proprietor of the unit consented to the settlement.

2. M/s Bharat Plastic Industries, VPO Mehansar, District Jhunjhunu

Shri Kan Singh, Proprietor and his son Shri Mahendra Singh appeared before the committee.

This case was earlier placed before Spl HOLC in its meeting held on 28.06.08 wherein the committee offered to settle the account in a consideration of Rs.5.20 lac less upfront amount of Rs.0.20 lac i.e. at the net payable settlement amount of Rs.5.00 lac but the offer of the committee was not accepted hence the case was rejected with an advise to the branch to take necessary action for recovery of dues of the Corporation.

Aggrieved with the decision of the committee, the party made an appeal to SLC.

A loan of Rs.1.80 lac was sanctioned on 26.2.82 for manufacturing of PVC pipe and polythene bags in a rental premises.

A sum of Rs.62.67 lac is outstanding as on 01.06.2008, (principal sum Rs.1.80 lac, interest Rs. 60.78 lac and other money Rs.0.09 lac). The MRV of the prime assets i.e. P&M is Rs.0.70 lac. Category of the loan account was "Doubtful" as on 31.03.05. No collateral security is available. However, third party guarantee of brother of the proprietor is available. For recovery of dues action u/s 32(G) has been initiated against the unit and SDM Jhunjhunu attached the agriculture land of both the brothers / promoters and its guarantor, which was placed for auction but no bidder turned up.

After detailed discussions with the promoter and considering all the facts and position of the case, the committee decided to settle the account in a consideration of Rs. 2.49 lac less upfront amount of Rs.0.49 lac as upfront amount (Rs.0.20 lac + 0.29 lac) paid at the time of registration for Spl HOLC & SLC. The net payable settlement amount of Rs.2.00 lac shall be paid by the unit as below:

Rs.1.00 lac immediately
Rs.1.00 lac by 30.09.2008.

No interest would be charged upto 30.09.2008

The proprietor of the unit consented to the settlement.

3. M/s Hotel Royal Castle, VPO Arooka, Tehsil Chirawa, Distt. Jhunjhunu

Shri Thakur Raghuveer Singh promoter of the unit alongwith his son Shri Mohan Singh, his grandson Shri Dheeraj Singh and his relative Shri Ganesh Pal Singh, appeared before the committee.

A loan of Rs.13.50 lac was sanctioned on 30.9.96, out of which a sum of Rs.9.84 lac was disbursed upto 27.12.99 mainly for renovation work for heritage property / hotel. The project was not implemented fully.

The case was earlier placed before HOLC in its meeting held on 17.3.05. The promoter was not ready to pay more than principal sum Rs.9.84 lac and this offer was not acceptable to the committee. However with a view to settle the case and to effect the recovery, the committee offered to settle the case for Rs.26.50 lac less Rs. 1.50 lac as upfront amount deposited in Oct,04 therefore, net payable settlement amount was Rs. 25.00 lac but promoter did not agree to the offer given by the committee hence the settlement could not be reached and the case was rejected.

Aggrieved with the above, the promoter made an appeal to SLC and the SLC in its meeting held on 28.9.05 decided to settle the case for Rs.16.48 lac less Rs.1.48 lac (rounded off) deposited as upfront amount for SLC, the net payable settlement amount of Rs.15.00 lac which is to be paid as under:

a) Minimum Rs.3.75 lac by 31.12.05
b) Remaining settlement amount by March, 06.

The party failed to deposit Rs. 3.75 lac upto 31.12.05 and requested to extend time upto 31.3.06 which was accepted by the competent authority. The party thereafter paid Rs.5.75 lac (Rs.3.75 lac + Rs.2.00 lac) but thereafter not paid further amount. The BO therefore, initiated legal action. Aggrieved with this, party has filed writ petition before Single Bench of Hon'ble High Court which was dismissed on 10.1.07.The party filed appeal against above decision in DB and the DB of High Court on 15.2.08 disposed off the appeal with the direction to place the case of the appellant before the settlement committee if covered

under existing scheme. The concern filed contempt petition against the CMD and DGM(FR) (DB Civil Petition No. 235/2008).

The matter was therefore, again placed before competent authority and it was decided to place this case before SLC for taking a final view without insisting for registration and upfront amount. Accordingly case was placed before SLC.

After detailed discussions with the promoter and considering all the facts and position of the case, the committee decided to settle the account at the net payable settlement amount of Rs.13.00 lac which shall be paid by the concern as under:

Rs.3.00 lac upto 30.09.2008

Remaining Rs.10.00 lac shall be paid by the concern in four equal monthly instalments of Rs.2.50 lac each commencing from October,2008.

The concern agreed to withdraw the court, cases filed against the Corporation for which Branch Office to ensure compliance of the decision.

No interest would be charged upto 30.09.2008 and thereafter w.e.f. 01.10.08 interest @ 13% p.a. on simple basis shall be charged on the unpaid amount of settlement.

This settlement includes the likely amount to be debited on account of expenses relating to the various court cases filed by the concern and no amount is to be recovered on account of application filed u/s 32(G), as action could not be initiated by revenue authority due to the court cases filed by the concern.

The proprietor of the concern consented to the settlement.

4. M/s G.D.Woodlum Pvt. Ltd., Chak 20, SDS Lalgarh Jadan Tehsil Sadul Shahar, Sri Ganganagar

The case was withdrawn from the agenda of SLC as it is required to be placed before Spl HOLC as per the provisions of ongoing settlement scheme of NPA accounts.

5. M/s Dariyav Forgings, 25 Industrial Area, Nagaur

Shri Gajendra Jangid, s/o Shri Jugal Kishore (proprietor of the unit), Shri Abhishek Jangid, cousin of Shri Gajendra Jangid and Shri Pawan Jangid, nephew of the proprietor appeared before the committee.

This is a grievance / appeal case for which no further registration fees and upfront has been charged. The competent authority has allowed to put up the case before SLC by condoning the delay made in filing appeal to the decision of Spl HOLC dated 2.5.08.

Earlier this case was placed before Spl HOLC in its meeting held on 02.05.08 and the operative part of the decision taken by the committee is reproduced below:

The case has been registered without taking registration and upfront amount in compliance of court directions. A loan of Rs. 12.40 lac was sanctioned (Term Loan of Rs.9.60 lac and WCSW of Rs. 2.80 lac on 22.05.99 and entire sanctioned loans were disbursed for setting up a unit for manufacturing of hand tools.

The unit is situated in RIICO Indl. Area, Nagaur. The unit has availed loan under Single Window Scheme. Earlier the case was placed before HOLC dated 6.12.05 wherein the committee offered to settle the case by waiving of balance penal interest but the representative of the unit did not accept the offer of the committee, therefore, the case was rejected with the directions that BO may initiate recovery action.

After detailed discussions with the proprietor and considering all the facts and position of the case, the Spl HOLC offered to settle the account by charging only simple rate of interest on the loan amount instead of compounding and also by waiving penal interest. The total outstanding as on 01.03.08 was Rs. 28.62 lac and after waiving of penal interest of Rs. 2.39 lac, the amount payable comes to Rs. 26.23 lac but the committee decided to settle the case at Rs. 17.91 lac only on simple interest basis (i.e. much less than the outstanding). However, the promoter did not agree on the offer of the committee, hence, the case was **rejected.**

The committee also directed that facts of the case and decision of the committee may be placed before the Hon'ble High Court and court may be requested to vacate the stay."

Accordingly, the OIC has filed an affidavit to this effect and the case is to be listed shortly for further decision.

The party has again submitted a representation dated 27.7.08 for OTS with a request to reduce a sum of Rs.5.40 lac from the amount of Rs.17.91 offered by the Special HOLC.

It was noted by the committee that MRV of the financed assets was Rs.10.40 lac and MRV of the collateral security was Rs. 10.68 lac. The category of the account as on 31.3.05 was 'doubtful'. The total dues were Rs.29.84 lac as on 1.6.08 (principal sum Rs.12.40 lac and interest Rs.17.38 lac and other money Rs.0.06 lac). Amount payable as per simple interest basis was Rs.21.79 lac. After deduction of the HOLC upfront Rs.3.40 lac and Rs.2.00 lac deposited as per the court orders (total Rs.5.40 lac), the amount so worked to Rs.16.39 lac.

After detailed discussions with the representatives of the proprietor and considering all the facts and position of the case, the committee offered final and net amount of Rs.15.00 lac. The representatives of the proprietor sought some time for giving consent to the above settlement offer. Still no consent has been received, the case is **rejected.** Accordingly, Hon'ble Court may be requested for early orders so that Branch may take further necessary action for recovery of Corporation dues as per norms.

6. M/s Vinayak Agrotech Ltd., VKIA, Jaipur (ARRC case)

The OTS proposal was placed in the SLC held on 27.3.08. After detailed discussions, the committee decided to agree to the following relief and concessions in respect of its outstanding term loan:-

i) One Time Settlement (OTS) of Rs. 27.37 lac including a sum of Rs.6.51 lac) already paid, 10% of the settlement amount would be payable within 30 days after sanction of the scheme and balance settlement amount would be payable in 24 equal monthly instalments commencing one month after down payment. Simple interest @ 11% shall be chargeable from 20th November, 2003 to 31st March, 2005. This amount shall be payable alongwith remaining instalments over 24 months, whereas the normal interest rate shall be paid on due date. Subsequently, the company shall pay interest (on the remaining amount) at the prevailing rate.
ii) To grant permission for sale of surplus/obsolete assets (on the lines of RIICO).
iii) To grant NOC for first charge of new assets created by the unit as a part of modernization in favour of its financers on exclusive charge basis.

Against the OTS arrived in the said SLC, the company did not pay any amount, therefore, the settlement arrived at in the SLC meeting held on 17.11.05 was withdrawn and communicated to the company. BIFR was also requested for permitting the Corporation to initiate recovery action against the company in view of non adherence to the BIFR's sanctioned scheme. BIFR vide order dated 3.10.07 issued following directions in respect of term lending institutions i.e. RIICO & RFC.

"Both RIICO & RFC would take pragmatic approach in regard to the request made by the company before them for waiver of interest on account of delay in payment of their dues and they would also communicate their decision in this regard to the company within the same period of 30 days, with copies thereof to MA(SBBJ) and the Board."

After the above directions, the company approached the Corporation for settlement of their case once again.

After detailed discussions with the director and considering all the facts and position of the case the committee decided to settle the case on the same terms & conditions which was agreed upon in the SLC meeting dated 17.11.05. The liability of the unit shall be worked out accordingly. In this manner a sum of Rs. 36.65 lac works out to be payable as on 31.03.08. Hence, the committee decided to settle the account on Rs. 36.65 lac less upfront amount of Rs. 3.29 lac i.e. net payable amount of Rs. 33.36 lac. The committee further decided that a rebate of 5% would be given on the net payable amount so arrived at provided the company pays 20% of net payable settlement amount by 31.03.08. The payment would be made as follows:-

a) Rs. 6,67,200/- i.e. 20% of net payable amount of Rs. 33.36 lac by 31.03.08
b) Balance Rs. 26,68,800/-minus Rs. 1,66,800/- (5% rebate if Rs. 6,67,200/- is deposited/paid by 31.03.08) i.e. Rs. 25,02,000/- within 60 days.
c) No interest shall be charged if full payment as per settlement is received within 60 days.

The Director of the unit consented to the settlement."

The case was again placed in the meeting of SLC held on 21.6.08 since the company was representing that amount of Rs.6.51 lacs deposited by them should be credited in their account on the dates on which same was deposited and no interest should be charged on it thereafter, including simple interest.

The matter was discussed in the SLC and the committee decided that this being a BIFR case, therefore, the provision of O&M Circular No.417 may not be made applicable in this case, hence, credit may be extended on the same day of deposition of the amount by the company while arriving at the liabliity on the basis of simple interest @ 11% p.a. The account may, therefore, be recast accordingly and if any amount works out to be recoverable, the company be asked to deposit the same so that the account may be settled.

The account of the company has been recasted by BO and checked by Accounts Section, HO. The company has paid Rs.6,13,868/- against Rs.6,51,684/- as on 31.3.08 as per SLC decision dated 27.3.08. A sum of Rs.26162/- is recoverable from the company provided 5% rebate as per SLC decision dated 27.3.08 is allowed.

Since the company has paid Rs.30.69 lacs against OTS as per SLC decision 27.3.08, being a BIFR case the account is settled on recovery of Rs.26162/- as per decision of CMD dated 19.8.08.

The committee, after detailed discussions, confirmed the action taken as above.

7. M/s K.R.Electrodes & Wire Industries, Banswara (DDW case)

Nobody turned up, therefore, the case is deferred.

GENERAL OBSERVATIONS:

1) If the party fails to make payment strictly as per decision of the committee, BO concerned will initiate recovery action at their level.
2) 5% recovery charges to be sent to Collector concerned are included in the settlement amount, where recovery is effected on account of action initiated under Section 32(G) as per provision of Circular No.FR.365 dated 3.10.2005 and dated 31.10.2005.
3) Court case, if any, shall be withdrawn by the party.

4) Actual other money not debited so far is to be recovered over & above the settlement amount. Branch Office will let it know to the party about amount of other money, if any, within a month from the issue of this order.
5) Wherever settlement amount is to be paid in instalments, the party will produce PDCs in the BO payable on 15th of the each month or date specified by the Committee, as the case may be. BO has to ensure that PDC's are invariably taken in such cases.
6) Subsidy, if any, shall be recoverable separately as per norms.

(K.K.Parashar)
DGM(FR-ARRC)
MEMBER SECRETARY

RAJASTHAN FINANCIAL CORPORATION
(FR Division)

MINUTES
85th SLC Meeting
Date :21.11.2008

Present:

Shri A.K.Garg, IAS Chairman & Managing Director	:	In Chair
Shri Kamal Mehta Director,	:	Member
Shri Suresh Singhal FA/GM(A/c)	:	Member
	:	
Shri V.P.Singh, GM(D)	:	Member Secretary

Shri K.K. Parashar, DGM(ARRC), Shri P.K.Singh, DGM(FR-2),Shri L.K. Ajmera, DGM(DDW), Shri A.P. Mathur, DGM(FR), Shri J.N.Sharma, Manager(FR-1), Shri Dinesh Mohan, Manager (FR-2), Shri P.D.Verma, Manager(FR-3), Shri Deepak Verma, Manager(ARRC) and Shri Naveen Ajmera, DM(FR) were also present.

I. Action taken report on the decision of earlier SLC meetings.

Noted

II. Confirmation of the minutes of SLC meeting held on 30.8.08.

Minutes were confirmed.

III. The committee considered the agenda notes of the following cases placed before it and decided as follows:

1) Shri Soap Industries, Jhunjhunu

Shri Puran Singh, Proprietor of the unit appeared before the committee

The case was placed before Spl. HOLC in its meeting held on 1-9-08 wherein the committee offered to settle the a/c in a consideration of Rs.3.00 lacs less upfront amount of Rs.0.15 lac i.e. at the net payable settlement amount of Rs.2.85 lac but the proprietor did not accept the offer hence the case was rejected.

Aggrieved with the decision of the committee, the party made an appeal to SLC.

A loan of Rs.1.51 lac was sanctioned on 24-1-1983, out of which Rs.1.48 lac was disbursed for manufacturing soap.

A sum of Rs.42.25 lac was outstanding as on 1-9-08 (P.sum Rs.1.48 and interest Rs.40.77 lac). The MRV of the financed assets (L&B) is Rs.1.23 lac. P&M is missing. The BO has informed that it is a case of soap manufacturing unit financed 25 years back. The P&M deteriorated and scrapped,, therefore, FIR has not been lodged. Category of the loan a/c as on 31-3-05 was doubtful. No collateral security or third party guarantee is available.

ROD u/s 32-G has been sent to Revenue Authority on 6-2-07 and matter is under process with SDM, Udaipurwati.

After detailed discussions, the proprietor and considering all the facts and position of the case, the committee decided to settle the account in a consideration of Rs.2.07 lac less upfront amount of Rs.0.37 lac (Rs.0.15 lac plus Rs.0.22 lac) paid at the time of registration for Spl.HOLC and SLC. The net payable settlement amount of Rs.1.70 lac shall be paid by the loanee as below:

a) Rs.0.85 lac within 15 days.
b) Rs.0.85 lac within next 15 days i.e. before 21-12-08.

No interest would be charged during this period.

The proprietor of the unit consented to the settlement.

2) M/s.Sarswati Sangmarmar Udyog, Banswara.

Nobody turned up, therefore, the consideration of the case was deferred.

3) M/s Dariyav Forgings, Nagaur.

Nobody turned up, however, a telegram and a letter dt. 19-11-08 was received from the party requesting to allow and give him an opportunity in next meeting as he is unable to attend the meeting due to ill health. The committee, therefore, decided to defer the case giving the last opportunity with the directions to place the case before the committee in its next meeting.

4) M/s.K.R.Electrodes & Wire Industries, Banswara(DDW case)

Nobody turned up, however, a letter received from the party requesting to allow and give an opportunity in next meeting of the committee as the party is unable to attend this meeting due to the marriage ceremony in their family. The

committee, therefore, decided to defer the case giving a last opportunity with the directions to place the case before the committee in its next meeting.

5) M/s.Kishan Pipe Industries, Jodhpur (ARRC Case)

Shri Bhopal Singh, partner of the unit appeared before the committee

The case was placed before Spl. HOLC in its meeting held on 31-8-07 wherein the committee offered to settle the a/c in a consideration of Rs.5.75 lacs less upfront amount of Rs.0.52 lac i.e. at the net payable settlement amount of Rs.5.23 lac but the party did not accept the offer hence the case was rejected.

Due to non payment of Corpn. dues, possession of the unit was taken over on 22.1.08. The assets of the unit were put to auction at BO on 27-3-08 and BO approved highest offer of Rs.5.93 lac on cash down basis in favour of M/s. Shri Ram & Co. but the purchaser did not deposit balance sale consideration hence the earnest money was forfeited.

The party filed a writ petition before Hon'ble High Court, Jodhpur. It was apprised to the court that party has registered the case for settlement of the a/c and so the court has disposed off the writ petition as the case has become infructious and the writ petition was dismissed.

The party has come forward to settle the a/c by making an appeal to SLC against the decision of Spl.HOLC dt.31-8-07. The delay was condoned by the competent authority i.e. CMD for filing appeal.

A loan of Rs.4.87 lac was sanctioned on 31-7-93, out of which Rs.1.69 lac was disbursed for manufacturing of cement pipes.

A sum of Rs.25.55 lac was outstanding as on 1-9-08 (P.sum Rs.1.69 and interest Rs.21.08 lac, Other money 0.20 & simple interest for possession period Rs.2.58 lac). The MRV of the financed assets is Rs.1.89 lac. Category of the loan a/c as on 31-3-05 was doubtful. No collateral security or third party guarantee is available.

After detailed discussions with the partner and considering all the facts and position of the case, the committee decided to settle the account in a consideration of Rs.5.785 lac less upfront amount of Rs.0.285 lac i.e net payable settlement amount of Rs.5.50 lac shall be paid by the loanee as below:

A) Rs.2.75 lac by end of Decembr'08.
B) Rs.2.75 lac within next one month i.e. by end of January'09.

The partner of the unit consented to the settlement.

No interest would be charged during this period.

6) M/s United PVC Pipe Factory, Jhunjhunu.

Nobody turned up, therefore, the consideration of the case was deferred.

7) M/s.Jai BalajiCement Ltd., Alwar (ARRC Case)

Shri Kailash Chandra Agarwal appeared before the committee. Earlier, the case was placed before Spl.HOLC in its meeting held on 7-11-08 wherein the committee offered to settle the a/c in a consideration of Rs.228.72 lac less upfront amount of Rs.15.06 lac, i.e. at the net payable settlement amount of Rs.213.66 lac but the party sought a period of 7 days for giving consent to the offer of committee. Considering the request of the director, the committee allowed a period of 7 days for submission of consent to the settlement, with the stipulation that if the consent is not submitted within the stipulated period, the above settlement will be treated as cancelled and rejected. No consent was submitted by the party, hence the case was treated as rejected by the Spl.HOLC.

The party approached for making appeal to SLC against the decision of Spl. HOLC. The party submitted two cheques of Rs.2 lacs and Rs.929500/- dated 20-11-08 and 6-12-08 respectively. The competent authority allowed the case for registration as an appeal to SLC.

A sum of Rs.713.36 lac is outstanding against the company as on 1-9-08 (P.sum Rs.75.28 lac, Interest 638.08 lac and other money nil). MRV of fixed assets of the unit is Rs.123.00 lac as on 12-5-08. No collateral security and third party guarantee is available.

The assets of the unit are under possession with Sales Tax Deptt. since 17.3.2000. The party has also filed a suit in court on 18-10-05 to stop the auction proceedings of Sales Tax Deptt. The BO filed an application in the court of ADJ-2, Alwar on 6-10-2000 u/s 31(1)(aa) against the party.

After detailed discussions with Shri Kailash Chandra Agarwal, Director, and considering all the facts and position of the case, the committee offered to settle the a/c in a consideration of Rs.112 lac less upfront amount deposited for Spl.HOLC of Rs.15.06 lac i.e. at the net payable settlement amount of Rs.96.94 lac i.e. at the net pyable settlement amount of Rs. 96.94 lac which shall be aid by the party as under:

i) Cheque dated 20.11.2008 for Rs.2,00,000/- and another cheque of Rs.9,29,500/- payable on dated 06.12.2008 will be cleared in time.

ii) Rest of the amount which comes to Rs.85.65 lac shall be paid in four equal monthly instalments commencing from December, 2008 to March, 2009. Last instalment will be payable on or before 21st March, 2009.

No interest shall be charged upto 20.12.2008, thereafter w.e.f. 21.12.2008 interest @ 13% p.a. on simple basis shall be charged on unpaid amount of settlement.

Director of the company consented to the settlement.

8. M/s Chitra Synthetics (P) Ltd., Bhilwara : (ARRC Case)

Shri Ashok Kumar Poswalia, Director of the Co. and his wife appeared before the Committee.

The Committee noted that the Hon'ble High Court in its following order dated 27.09.08 (in SB Civil Writ Petition no. 8575 of 2004) has directed the Corporation to decide / consider the representation of the party and pass an appropriate order within a period of two months:-

"In the facts and circumstances of the case, I deem it proper to issue direction to the respondents to consider the representation of the petitioner dated 17.12.2007 and pass speaking order. The petitioner is also at liberty to move fresh representation within a period of 15 days from today detailing out the names of the similarly situated persons in cases of which the penal interest has been waived. The respondents are directed to decide / consider the same also while deciding the earlier representation dated 17.12.2007 and pass an appropriate order within a period of two months from today."

The Committee noted that in compliance of the aforesaid orders of the Hon'ble High Court, the party submitted a fresh representation on 11.10.2008 in which the party has requested to calculate interest on simple basis without penal @ 17.50% w.e.f. 18.05.1994 to 17.01.2005. In the said representation, the party has also mentioned that it has deposited Rs. 78.13 lakh upto 12.04.2004 against the loan availed amount of Rs. 38.81 lakh. The party has also indicated the names of three loanees of the Corporation, the loan accounts of whom have been settled (M/s Luvania Bore Well, Swaimadhopur, M/s Motia Spinners (P) Ltd., Khari Ka Lamba Gulabpura, Bhilwara & M/s Pink City Sanitary Ware (P) Ltd., Jaipur). Further the party has again requested that their loan account should be settled on the lines of settlement of M/s Luvania Bore Well, Swaimadhopur in compliance of the decision of the Hon'ble High Court dated 07.12.2005 (in SB Civil Writ Petition no. 5611/2005).

The Committee has also gone through the earlier representation of the party dated 17.12.07 and noted that in its earlier representation the party has requested for calculation of the loan account without charging any penal interest and they should be informed about the exact outstanding after deducting the amount of penal interest.

The Committee has also gone through the following decision of the Hon'ble High Court dated 07.12.05 in the case of M/s Luvania Bore Well V/s RFC (SB Civil Writ Petition no. 5611/2005) :-

"Having heard rival submissions of the respective parties and looking to the status of the petitioner, I deem it proper to direct the RFC to issue a fresh statement of account after adjusting the entire amount deposited by the petitioner as stated in the writ petition that the petitioner has already deposited Rs. 14,62,650/- subject to verification by the RFC. After adjusting the said amount, the RFC is entitled to recover the balance amount due against the Petitioner with interest @ 19.5%. The petitioner is agreed to make the payment of such amount in three equal monthly instalments within three months from the date of issuance of fresh statement of account."

The Committee also noted the facts of the case of M/s Luvania Bore Well, Sawaimadhopur that a loan of Rs. 13.45 lakh was disbursed on 11.10.96, MRV of assets (prime assets & collateral security) at the time of settlement was Rs. 27.53 lakh and the case was placed before the SLC in its meeting held on 11.10.01 in which the SLC decided to settle the loan account at the net payable settlement of Rs. 15.00 lakh. The party did not honour the decision of SLC and again requested for reconsideration in 2004 on which the Settlement Committee asked the party to deposit the settlement amount decided by SLC on 11.10.01 alongwith interest but the party did not agree and filed a writ petition in the Hon'ble High Court in which the Hon'ble High Court in its order dated 07.12.05 decided that RFC is entitled to recover the balance amount due against the petitioner with interest @ 19.50%. The Committee noted that in compliance of the said orders of the Hon'ble High Court, calculations have been made by charging interest @ 19.50% on the settlement of amount of Rs. 15.00 lakh w.e.f. 01.12.01 (as per the decision of SLC) and accordingly after adjusting the amount of Rs. 1462850/- the amount worked-out to Rs. 7.05 lakh which was deposited by the party. The committee noted that after the decision taken by SLC for settlement at Rs. 15.00 lakh, the party deposited Rs. 668032/- thus making a total of Rs. 2168032/-.

Further, the Committee also gone through the decision of the Hon'ble High Court dated 27.09.08 in the case of M/s Chittra Synthetics (P) Ltd. and

noted that the committee is required to take a decision specifically keeping in view the following directions / observations of the Hon'ble High Court:-

1. To pass speaking order on the representation of the party dated 17.12.07 as no reason has been disclosed about rejection of the application of the party dated 17.12.07. The Hon'ble High Court has also mentioned about the news published in the Rajasthan Patrika on 17.12.07 regarding OTS Scheme.
2. The petitioner may submit fresh representation within a period of 15 days detailing out the names of the similarly situated persons in cases of which the penal interest has been waived. The Hon'ble High Court has directed to decide / consider the same also while deciding the earlier representation dated 17.12.07 and pass an appropriate order within a period of two months.

The Committee has gone through the representations of the party dated 17.12.07 and also the representation dated 11.10.08 and noted that the party wants to get the loan account settled as follows:-

(i) That the Corporation should recalculate the loan account by charging interest without applying penal rate of interest since beginning to the date of take over of possession i.e. upto 17.01.05.
(ii) That no interest should be charged for the period during which the unit remained in the possession of the Corporation.
(iii) That calculations in their loan account should be done as has been done in the case of M/s Luvania Bore Well, Sawaimadhopur (as decided by the Hon'ble High Court in the case of M/s Luvania Bore Well in its order dated 07.12.05).

The Committee also noted the facts of the case that a loan of Rs. 38.81 lakh was disbursed (last date of disbursement 22.03.97), the unit is under possession since 17.01.05, the party has filed a writ petition before the Hon'ble High Court there is stay, the P&M have already been sold and now only land & building is there and MRV of which is Rs. 42.91 lakh (Land Rs. 20.46 lakh and Building Rs. 22.45 lakh – on 03.11.08), the balance outstanding is Rs. 33.27 lakh (P. sum Rs. 16.34 lakh, OM Rs. 0.98 lakh and interest Rs. 15.95 lakh which includes Rs. 12.75 lakh on account of interest for the possession period), Penal interest debited in the account since beginning is Rs. 6.15 lakh. This case was earlier placed before the SLC in its meeting held on 14.09.05 in which SLC offered to settle the loan account at P. sum plus other money but the party did not agree hence, the case was rejected.

The Committee discussed in detail all the above requests of the party and also discussed the same with the party and following decisions have been taken:-

i) The Committee noted that as per the accounting system of the Corporation, interest is charged at the documented rate of interest and penal interest is charged on the amount of default and for the period of default and the amount of penal interest is depicted in the account by word “P” and if, at a later stage, a decision is taken for waiver of penal interest then the amount depicted in the loan account as “P” (Penal Interest) is considered for waiver and no recalculations are required to be done hence, the request of the party for recalculations by applying the rate of interest without penal rate and also on simple basis cannot be considered as per Policy of the Corporation. Moreover, the committee also noted that the Corporation is not charging any interest on the amount of penal interest w.e.f. 01.04.91.

   As regards, observations of the Hon’ble High Court regarding a Scheme for Settlement published in the Rajasthan Patrika dated 17.12.07, the Committee noted that no such Scheme has been published by the Corporation in the news papers and it appears that some news item has been published which do not contain any indication / details about settlement by carring-out recasting / recalculations in the loan accounts on simple basis and without applying penal rate in case of default.

   Accordingly, the Committee after hearing the party and having gone through the policy in this regard could not find any justification on the contention of the party.

ii) As regards, the request of the party for settlement of the loan account as has been done in the case of M/s Luvania Bore Well, Sawaimadhopur – the committee noted that in the case of M/s Luvania Bore Well the MRV of assets(prime assets & collateral security) was Rs. 27.53 lakh and balance outstanding was Rs. 17.64 lakh (P. sum Rs. 12.45 lakh, Interest Rs. 5.19 lakh including quantum of penal interest of Rs. 1.71 lakh) against which the loan account has been settled at Rs. 15.00 lakh and since the party did not deposit as per the decision of the SLC hence, interest for the delayed period has been charged at the documented rate i.e. @ 19.50%.

   The Committee noted that in the case of M/s Luvania Bore Well, Sawaimadhopur the loan account has not been recasted / recalculated and amount has been recovered as per the decision of

SLC by charging interest for the delayed period @ 19.50% for the period of delay and on the balance amount of settlement.

The Committee noted that in view of the above, the case of M/s Chitra Synthetics (P) Ltd. is not identical to the case of M/s Luvania Bore Well and was also of the view that as claimed by the party no recalculations have been made and just the settlement amount has been got deposited by recovering the interest for the delayed period which is charged on simple basis as per policy of the Corporation.

Thus, the Committee could not find any justification in the contention of the party in this regard.

iii) As regards the request of the party that no interest should be charged for the period during which the unit remained under possession of the Corporation, the Committee noted that as per policy of the Corporation when a unit is handed over back to the original promoter then interest is charged at the documented rate on simple basis hence, the committee could not consider the request of the party.

iv) The Committee noted that the MRV of assets of the unit is Rs. 42.91 lakh and there are only land & Building as P&M have already been sold and the balance outstanding including interest for the possession period works-out to Rs. 33.27 lakh as on 01.09.08 hence, looking to the facts of the case it is not a fit case for any relief.

v) For explaining the norms of the Corporation and system of accounting as well as the calculations done in the case of M/s Luvania Bore Well the party was given a detailed hearing and was explained about the Accounting Policies of the Corporation by the accounts expert on which the party requested to settle the loan account on around Rs. 5.00 lakh which could not be considered in view of high MRV of assets amounting to Rs. 42.91 lakh.

However, in view of the orders of the Hon'ble High Court, the Committee offered the party to settle the loan account by waiver of entire penal interest of Rs. 6.15 lakh i.e. at the net payable settlement amount of Rs. 27.12 lakh but the party did not agree.

Further the committee also gave an alternative offer to settle the loan a/c on the offer given by the SLC in its meeting held on 14-9-05 i.e. on principal sum plus other money (by waiving the interest outstanding on the date of settlement) with the condition that the a/c may be settled by charging interest at the documented rate on the amount of the offer for settlement by charging interest for the delay period on the same lines as

has been done in the case of M/s.Luvania Bore Well, the amount works out to Rs.26.58 lacs but the party did not agree.

In view of the above, no settlement could be reached. The Committee decided that the decisions of the Committee may be brought to the kind notice of the Hon'ble High Court and Hon'ble High Court may be requested to kindly vacate the stay in view of the MRV of assets of Rs. 42.91 lakh and balance outstanding of Rs. 33.27 lakh as on 01.09.08.

GENERAL OBSERVATIONS:

1) If the party fails to make payment strictly as per decision of the committee, BO concerned will initiate recovery action at their level.
2) 5% recovery charges to be sent to Collector concerned are included in the settlement amount, where recovery is effected on account of action initiated under Section 32(G) as per provision of Circular No.FR.365 dated 3.10.2005 and dated 31.10.2005.
3) Court case, if any, shall be withdrawn by the party.
4) Actual other money not debited so far is to be recovered over & above the settlement amount. Branch Office will let it know to the party about amount of other money, if any, within a month from the issue of this order.
5) Wherever settlement amount is to be paid in instalment, the party will produce PDCs in the BO payable on 15th of the each month or date specified by the Committee, as the case may be. BO has to ensure that PDC's are invariably taken in such cases.
6) Subsidy, if any, shall be recoverable separately as per norms.

GENERAL MANAGER(D)
MEMBER SECRETARY