RAJASTHAN FINANCIAL CORPORATION
(FR Division)

Minutes of the 98th meeting of SLC held on 10.01.11 at 4.00 PM under the Chairmanship of Shri G. S. Sandhu , IAS, CMD

Present:

Shri Kamal Mehta, Director	:	Member
Shri A.R. Choudhary Executive Director	:	Member
Shri Sukhaveer Saini, GM(D)	:	Member
Shri R.M.Aswal,' DGM(ARRC)	:	Member'
Shri L.K.Ajmera, DGM(DDW)	:	Member
Shri D.V.Jashnani, Manager (I/c – Law)	:	Member
Shri Abu Talib, DGM(FR-1)	:	Member Secretary

Shri N.K.Jain, Manager (ARRC), Shri M.C. Meena, Manager (DDW) and Shri P.D.Verma, Manager(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 27.09.10

Minutes were confirmed.

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

1. **M/s Chandel Woollens Pvt. Ltd., Bhilwara (ARRC case)**

Shri Prem Chand Chandel, Director of the company attend the meeting. Earlier this case was settled by Special HOLC in its meeting held on 05.05.10 in a consideration of Rs.41.86 lac (principal sum Rs.40.89 lac + OM Rs.0.97 lac = Rs.41.86 lac say Rs.42.00 lac) less upfront amount

Rs.4.20 lac i.e. at the net payable settlement amount of Rs.37.80 lac (Rs.42.00 lac – Rs.4.20 lac) which shall be paid by the party in four monthly equal installments. No interest shall be charged upto 31.05.10. After 31.5.10, interest @ 13% p.a. shall be charged on unpaid amount.

The representative of the unit consented to the settlement verbally but did not submit in writing. The case shall be treated as settled in case the company submits the consent for settlement in writing within 15 days.

The Branch Office issued so many letters to the promoter but no consent was received from the promoter.

The party thereafter approached to Hon'ble Industry Minister and submitted his proposal to make payment of settlement amount of Rs.37.80 lac as under:

a) Rs.15.00 lac by 30.11.10 in two installments i.e. Rs.9.50 lac and Rs.5.50 lac.
b) Remaining Rs.22.80 lac in 30 monthly installments of Rs.0.76 lac each payable from January,2011 to June, 2013 for which party has also submitted PDCs.
c) Party has also requested to handover the possession back after payment of first installments of Rs.9.50 lac.

The competent authority therefore, decided to place the case before SLC as an appeal case. It has also been decided by the competent authority to exempt the party for depositing the registration fee and upfront amount.

In view of above, the case was placed before SLC in its meeting held on 10.1.11 and after detailed deliberations and discussions in the case, committee offered to revive the settlement made by Special HOLC in its meeting held on 05.05.10 provided party makes payment of settlement amount as under:

a) Rs.9.50 lac within a week's time – The unit shall be handed over to him after receipt of payment of Rs.9.50 lac.
b) Rs.5.50 lac within 2 months i.e. by 30.03.11.
c) Remaining settlement amount of Rs.22.80 lac shall be paid by the company in 30 equal monthly installments alongwith interest @ 13% p.a. commencing from April,11 OR the party can pay the entire remaining settlement amount in 9 equal monthly installments by 30.12.11 without interest.

The party did not consent to the offer given by the committee, therefore, the committee decided that BO to obtain consent within 10 days failing which the offer given shall be treated as withdrawn automatically.

2. **M/s Shree Ganpati PVC Pipe (India) Pvt. Ltd., Jaipur Rural (FR case):**

Shri Virendra Rajpal, Director of the company appeared before the committee.

The Company was sanctioned a term loan of Rs.84.00 lac (Rs.64.00 lac for acquisition of fixed assets and Rs.20.00 lac for working capital) on 2.8.2000. Subsequently, on the request of the Company, the Corporation granted further term loan of Rs.24.00 lac on 22.9.01 to meet out cost over-run. Out of the sanctioned term loan of Rs.108 lac, the Corporation disbursed Rs.107.84 lac upto 03.06.2002. Outstanding as on 01.09.10 was Rs.335.95 lac (Principal Rs.107.79 lac and interest 228.16 lac). MRV of the prime assets assessed by BO on 05.08.10 reported to Rs.99.73 lac and the value of collateral security assessed on 29.02.09 was Rs.31.05 lac. No third party guarantee and other properties of the promoters reported by the BO. The unit is lying closed.

For non payment of Corporation dues, the possession of the fixed assets of the unit was taken over by the Branch Office on 30.4.05.

The party filed SB Civil writ petition No. 4975/2005 in the Hon'ble High Court, Jaipur. The order of the Hon'ble High Court, Jaipur dated 20.7.05 is reproduced as under:

"To issue notice to the respondents of the writ petition as well as Stay application, returnable within two weeks. Notice be given in dasti. In the meantime, respondents are liberty to proceed with auction proceedings but shall not confirm, the same without seeking permission of this court. The stay order will be operative only after service upon the respondents."

13 auctions were held w.e.f. 30.5.05 and last was held on 19.6.06. Out of the 13 auctions bid was received in the auction held on 22.9.05 for Rs.10.00 lac, on 21.2.06 for Rs.55.00 lac and on 20.4.06 for Rs.70.00 lac. But the same were rejected. The last auction was proposed for 29.6.07 but the company deposited Rs.25.00 lac in June,2007 therefore, the auction was postponed.

The Hon'ble High Court, Jaipur passed an order dated 5.7.06 as under:

"I deem it proper to give six months time to make payment of the outstanding dues to RFC. The application stand disposed off"

Considering the request of the company, the competent authority permitted to give back possession of the unit in July, 2007 by allowing relaxation in regard to requisite payments. It was decided that party shall clear interest overdues by 28.2.08 and thereafter request of the company for reschedulement shall be considered. The party also submitted post dated cheques but these were not honoured even after granting extension.

The borrower did not adhere to the reschedulement and therefore Corporation cancelled the reschedulement and initiated legal action for recovery on 12.9.08. The party made a request for switch over of loan account to other bank / financial institution. The request of the company was examined and Corporation considered the request of the borrower subject to the condition that the company shall submit consent from the bank / financial institution by 20.11.08 for proposed switch over.

The director of the company requested for settlement of their account. For registering the case under prevailing OTS scheme, relaxations were allowed in respect of disbursement date (it was later than 31.3.01, category of loan was to be doubtful or loss category) as also in respect of upfront amount in both i.e. at Spl HOLC and at SLC level. Accordingly, branch was advised to register the case as per the prevailing OTS scheme.

The case of above mentioned company was placed before Spl HOLC in its several meetings but nobody turned up hence consideration of the case was deferred time and again followed by closure hence appeal.

On the intervention of Hon'ble Industry Minister, the competent authority decided to place the case before SLC without upfront amount. The borrower deposited only Rs.5,000/- towards registration fee on 30.7.10.

Earlier the case was placed before SLC in its meeting held on 27.09.10. The decision taken by SLC is reproduced hereunder:

"Shri Virendra Rajpal, Director of the company appeared before the committee. The committee gave full opportunity of hearing to Shri Rajpal to ventilate his grievances. He represented his case in detail. After deliberations he was advised by the committee that besides principal outstanding of Rs.107.79lac he should pay some part of interest to the reasonable extent but he could not offer. The committee deemed it proper to give him an other opportunity to think over. Meanwhile the case was ***deferred."***

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After detailed discussions with the promoter and considering all the facts and position of the case, the committee offered to settle the accounts in a consideration of Rs.110.00 lac payable before 31.03.2011.. It was also decided that in case the company fails to deposit the entire settlement amount by the end of current financial year, the settlement reached shall automatically stand cancelled / withdrawn.

The director of the company consented to the above.

3. **M/s Modern Refractories, Jhunjhunu (DDW case)**

Nobody appeared before the committee, however, letter dated 10.01.11 was received through fax requesting the CMD to place their case in the

next meeting as they are unable to attend the meeting due to serious illness, although the case was discussed in absentia.

Looking to the past track record of the borrower for not attending the meeting for one or another reasons, the committee decided to uphold the decision taken by the DLC in its meeting held on 15.12.2008 i.e. in a consideration of Rs.11,64,669/- less upfront Rs.1,17,000/- deposited on 15.12.08 plus Rs.1,22,000/- on 15.1.09 and Rs.1,16,000/- on 26.03.10 total Rs.3,55,000/- net payable amount Rs.8,09,669/- payable by 28.03.11 in equal monthly installments. Further, party shall have to furnish consent within 7 days failing which appeal shall stand rejected and branch shall initiate appropriate recovery action as per norms.

GENERAL OBSERVATIONS:

1) Wherever settlement amount is to be paid in installment, 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.
2) If the party fails to make payment strictly as per decision of the committee, BO concerned will initiate recovery action at their level.
3) Recovery charges to be sent to Collector concerned are included in the settlement amount, where recovery is affected on account of action initiated under Section 32(G).
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) The party shall withdraw court case, if any, before issue of no dues certificate.
6) Subsidy, if any, shall be recoverable separately as per norms.

Dy. General Manager (FR-1)
MEMBER SECRETARY

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