

RAJASTHAN FINANCIAL CORPORATION

(RRM DIVISION)

Minutes of 109th meeting of SLC held on 06.06.2014 at 03.00 p.m under the Chairmanship of Shri Madhusudan Sharma, IAS, MD.

The following were present:

Shri M.K.Sharma, GM, SIDBI, Director	:	Member
Shri Pankaj Gopal, Sr.Divisional Manager, LIC, Director,RFC	:	Member
Shri Kamal Mehta, Director, RFC	:	Member
Shri A.K.Gupta, CGM (Representative of MD,RIICO)	:	Member
Shri Alka Sharma, ED(F)	:	Member
Shri R P Meena, General Manager (Operations)	:	Member
Shri N.P.Gupta, General Manager (D)	:	Member
Shri Onkar Mal, DGM (RRM)	:	Member Secretary

Shri R.S.Bairwa, DGM (Op-I), Shri N.K.Jain, DGM (Op-II), Shri M.R.Chhinwal, DGM (Op-III), Shri J.P.Meena, DGM (Op-IV), Shri B.S.Sankhla, Manager(Op-V) and Shri O.P.Sharma, Manager (SLC) were also present.

I. Confirmation of the minutes of SLC meeting held on 18.12.2013:

Minutes were confirmed.

II. Action taken report on the decisions taken in the SLC meeting held on 18.12.13:

While reviewing the action taken report, it was noticed that the compliance of the decisions taken by the committee are not being monitored properly and the DGM (Ops) are not serious with regard to compliance of decisions. Therefore, the committee decided that the decisions taken by the committee should be reviewed fortnightly by the DGM (Ops) and the progress be submitted to the MD for his perusal on monthly basis through RRMD. The committee further decided that in future updated position of each case should be placed before the committee.

In the following cases, which were decided in the SLC held on 18.12.13, the compliance is still pending:

1. M/s. Opticraft, Neemrana:
As per earlier decision, recovery action was to be initiated as per norms and latest position was to be apprised, but it was noted that no decision/updated position was placed before the SLC, therefore, it was decided that immediate recovery action may be initiated and the DGM (OP) has to submit the compliance within 15 days on file to MD.
2. — M/s.Styrodyne Packaging Pvt. Ltd. [Now known as Alta Pack (P) Ltd. Bhiwadi]
It was noted that the delayed period interest amount of Rs.11.57 lac was to be paid by March, 2014, which was further extended upto May, 2014, but the company has paid only Rs.6.00 lac.
3. M/s. New Prince Studio, Jaipur (City)
It was decided in the meeting that the DGM/BM to undertake recovery of the unpaid legal expenses and issue no dues etc., but the committee noted that the account has not yet been closed, therefore, the committee directed the DGM to recover the amount of legal expenses within June.2014 and submit the progress on file.

4. M/s. Paramount Ceramic Pvt.Ltd., Pratapgarh
The committee noted that though the settlement amount has been paid by the company, but interest for the delayed period has not been recovered, therefore, the committee decided to recover the interest for the delayed period within June, 2014 and put the progress on file.
5. Shri Narendra Singh, Jaisalmer
The case is again being placed in SLC for reconsideration.
6. M/s S.R. Industries, Jodhpur
As per the earlier decision, the proceedings were to be communicated to the panel advocate of RFC, through OIC. No consent/amount has been received from the concerned in compliance to the decision taken by the committee and no progress is reported to the committee, therefore, it was decided to call the progress of court case through the Counsel and OIC. If there is no stay, recovery action as per norms may be initiated immediately. The DGM (Op) has to put up the latest position on file before MD for his perusal.
7. M/s Bharat Finishing Works, Pali: It was decided to place the case again in the SLC.
8. Recovery of Seed Money : Letter to State Government is under process and the committee decided to take effective steps for settlement of seed money with SIDBI at the earliest through State government.

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

1. M/s. Bharat Finishing Works, Mandia Road Industrial Area, Pali

The case was earlier discussed the SLC meeting held on 18.12.13 and decided as under:

"After detailed discussions and facts and circumstances of the case, the committee offered to settle the case of M/s Bharat Finishing Works (On simple interest basis) on simple interest basis, which worked out to Rs.23.00 lac (lump-sum). The committee also decided to provide the details of address and mobile etc. of the director of M/s Shrikant Fabtax (P) Ltd. to DGM (Op) as well as BM to proceed for deficit recovery in the case.

The representative, Shri Shrikant Lahoti, sought time for giving proposal to liquidate the dues of M/s Bharat Finishing Works; hence the case was deferred for next meeting".

Though the promoter was required to appear before the committee along with proposal to liquidate the dues of the Corporation, but nobody appeared before the committee. The committee discussed the background of the case in detail and noted that the borrowers have cheated the Corpn. by creating fresh lease deed fraudulently in favour of Shri Shrikant Processors Pvt.Ltd in which Shri Shrikant Lahoti, husband of Smt.Rekha Lahoti (partner of M/s Bharat Finishing Works) happened to be director on the Board, who has managed in obtaining fresh lease deed of Plot No.F-307, Mandia Road, Industrial Area, Pali, which was earlier mortgaged with the Corpn. in security of loan advanced to M/s Bharat Finishing Works. Though earlier in the meeting held on 18.12.13, the committee offered to settle the account on simple interest basis, but he didn't consent to the settlement.

The committee has also noted that even after having knowledge of fraudulent activity of the promoters, no effective steps were taken for lodging FIR and for cancellation of the lease deed obtained on the said plot at the level of BO. After detailed discussions, the committee decided that:

- To lodge FIR immediately after examining the points to be incorporated in the FIR through Law Section. This will be ensured by DGM (Op) concerned within next 15 days.

- If the borrower approaches for settlement in future, the amount deposited against this OTS proposal would not be adjusted against the settlement to be reached in future.
- To find out details of financial assistance availed by M/s Shrikant Processors Pvt.Ltd., Pali from other F.Is and to take up the matter with them about the fraudulent activities of the borrower.
- Possibility for cancellation of lease deed may also be explored through RIICO based on the original papers available with RIICO.
- The DGM (Op) has to put up the case in detail on file before the MD.

2. M/s. Shankar Handicraft, Churu

Shri. Shankar Lal Verma, proprietor and Shri. Naresh Soni (brother) appeared before the committee. It is a deficit case and covered under Deemed Settlement Scheme; the deemed settlement amount is Rs.2.70 lac as on 31.03.12 and interest @ 13% on this amount is chargeable. RoD is pending at DC, Delhi. The borrower has requested to reduce the amount of government dues i.e. Rs.1.25 lac from the deemed settlement amount.

During discussions it was made clear to the borrower that the amount paid/payable against the government dues is as per existing policy of the State Govt. and this cannot be reduced from the outstanding. However, it was proposed to him that if he submits no dues from government departments i.e. JVVNL and PHED then the amount to be paid/payable can be reduced from the settlement amount for which the borrower has shown his inability to submit the no dues. He has requested to waive the interest on deemed settlement amount w.e.f. 1.04.2012.

After detailed discussions and keeping in view the facts and circumstances of the case that the prime assets of the unit have already been disposed of, the applicant is reportedly in a private job, as reported by him, the committee decided to waive the interest on deemed settlement amount to the date of final payment by the borrower and offered to settle the account at Rs.2.70 lac less upfront amount of Rs.0.27 lac i.e. 2.43 lac which will be paid as under:

Rs.100000/-	Upto 21.06.2014
Rs.25000/-	Upto 21.07.2014
Rs.25000/-	Upto 21.08.2014
Rs.25000/-	Upto 21.09.2014
Rs.25000/-	Upto 21.10.2014
Rs.25000/-	Upto 21.11.2014
Rs.18000/-	Upto 21.12.2014

The borrower has consented to the above settlement.

3. M/s. Jhuley Lal Industries, Sawaimadhopur:

Shri Deepak Chandani and Shri Lokesh Chandani, Power of Attorney holder of Smt.Kaushaliya Devi, wife of late Shri Loku Mal, partner of M/s Jhuley Lal Inds. appeared before the committee. This case was earlier decided by SLC on 14.03.2000 in a consideration of Rs.8.50 lac.

In this decision, the settlement of M/s Jhuley Lal Inds., was subject to withdrawal of court cases filed by the borrower M/s Jhuley Lal Inds. and Shri Prahlad Kumar, proprietor of M/s Prakash Plastic Inds. The committee noted that Shri Prahlad Kumar (partner of M/s Jhuley Lal Inds.) has withdrawn the court case filed by M/s Jhuley Lal Inds. and also paid settlement amount of Rs.8.50 lac within the time allowed i.e. on 24.03.2000, but not withdrew the case filed as his proprietorship concern M/s Prakash Plastic Inds., which was later on decided against the Corpn. and as per the decision of Hon'ble Court a sum of Rs.1,90,594/- was withdrawn directly from the bank account of the Corpn on 30.06.2003 without intimating full facts to the Hon'ble Court about settlement arrived with the Corporation.

During discussions, it was also noticed by the committee that there were two units namely M/s Prakash Plastic Industries and M/s Jhuley Lal Industries in which Shri Prahlad Kumar was common – as proprietor and partner respectively. At the time of earlier settlement on 14.03.2000, the committee noted that M/s Prakash Plastic Inds. has filed a suit against the Corporation for claiming rent for using their premises by the Corpn. and M/s Jhuley Lal Inds has filed a suit against recovery action of the Corpn.

The Corpn. has filed appeal against the decisions of lower court dated 30.04.2003, which is pending today before the hon'ble Rajasthan High Court, Jaipur Bench, Jaipur. Meanwhile the BO, Sawaimadhopur has issued No due certificate on 04.02.2011 to M/s Jhuley Lal Inds., but title documents of M/s Jhuley Lal Inds. has not been released.

The representatives have requested that they are not part to the settlement made by M/s Jhuley Lal Inds. They have proposed to pay only Rs.1,90,594/- which were withdrawn by M/s Prakash Plastic Inds. (Shri Prahlad Kumar).

It was further noted that Shri Prahlad Kumar was a common promoter in both the units and the settlement before SLC on 14.03.2000 was also agreed by him for withdrawal of both the court cases, but he didn't adhere to his own commitment given to the committee and tried to deceive the Corpn. and succeeded by withdrawing Rs.1,90,594/- on 30.06.2003 through M/s Prakash Plastic Inds., proprietor Shri Prahlad Kumar from the bank account of the Corporation.

After detailed discussions and in view of the facts of the case, the committee offered to settle the matter in a consideration of Rs.1,90,594/- plus interest from the date of withdrawal of money from bank account of the Corporation, but the representative didn't agree. The committee decided that though No dues has been issued, but the title documents are still with the Corporation, therefore, to explore the possibility of further negotiation, consideration of the case was deferred for next SLC.

4. M/s. Upendra Cold Storage & Ice Factory, Dholpur:

Shri Ritesh Sharma brother of the proprietor appeared before the committee.

The committee noted that it is a case where the fixed assets of the unit are under possession since 21.04.1995 and the Corpn. has not been able to dispose of it even after 62 auctions on the ground that approach road to the site is very congested/ blocked, residential colonies have been developed around the premises, the building has badly been damaged, P&M are fully deteriorated. The committee also noted that outstanding as on date of possession was Rs.47.38 lac, which is Rs.49.37 lac as on 31.03.14 (without charging interest for possession period) against the MRV of Rs.54.85 lac.

After detailed discussions of facts and circumstances of the case, the committee offered to settle the case in 80% of the MRV which comes to Rs.44.00 lac, but the borrower has proposed to pay principal sum only i.e. Rs.22.30 lac, which was not agreed by the committee, hence the request of the borrower was rejected with the directions to put the assets in auction for realization of dues of the Corpn.

5. M/s. M/s S N L Spinners Pvt.Ltd., Alwar:

Shri Aswani Kumar, director and Ms.Anjani Kumar appeared before the committee.

It is a deficit case where the fixed assets of the company have already been sold in the year 2006; details of deficit amount are as under:

(Rs.in lac)			
Prin. ND	Prin.O.D	O.M	Total
18.28	50.27	0.03	68.58

While discussions, it was brought to the notice of the committee that at the time of sale of the assets as per policy of the State Govt. out of 30% of sale proceeds i.e. Rs.15,76,631/- was paid by the Corpn. to Commercial Taxes Deptt. against their demand, but later on the company has settled their dues and the demand of sales tax was Nil. Therefore, the amount paid by the Corporation to the Commercial Taxes Deptt. was lying in the government fund. After regular persuasions, the amount was got refunded on 03.06.14. Therefore, the deficit as reported above was re worked by the branch as under:

			(Rs.in lac)
Prin. ND	Prin.O.D	O.M	Total
2.51	50.27	0.03	52.81

While discussions, the committee noted that the case is covered under deemed settlement scheme as the borrower has repaid a sum of rs.118.92 lac since beginning against the disbursed amount of Rs.76 lac, which is more than the principal, therefore, as per the scheme the case can be settled at 80% of principal + OM + amount paid against dues, thus the recoverable amount is as under:

		(Rs.in lac)
80% of principal amount (Rs.50.27 lac)		40.22
Amount paid against government dues		2.51
O.M		0.03
Total		42.76

It was also noted that the borrower has filed writ petition against the recovery action u/s 320, therefore incentive to the revenue authorities has also to be paid, with interest from 01.04.2012. During discussions, the borrower has requested that he is unable to pay the interest on this amount being they are not having sufficient means of finance and if the account is settled without interest, they would be able to pay the settlement amount in 2 years.

After detailed discussions and in view of the facts and circumstances, as narrated in the agenda, the committee offered to settle the case in a lump-sum amount of Rs.43.25 lac less upfront amount Rs.3.47 lac i.e. net settlement amount of Rs.39.78 lac, which would be paid by 31st March, 2015 as under without interest:

Rs.500000/-	Upto 16.06.2014
Rs.300000/- per month	July,2014 to Feb.,2015
Rs.10,78,000	Upto 31.03.2015

The borrower has also proposed that they would pay the amount as agreed regularly upto 31.03.15 and if any amount remains unpaid as on 31.03.15, they will pay the same with interest @ 13% p.a. w.e.f. 01.04.2015 on the unpaid amount latest by 30.06.15. The committee allowed the request of the borrower and accordingly the borrower has consented to the settlement.

6. M/s. Prakash Udyog, Ajmer

Nobody attend the meeting, hence consideration of the case was deferred.

7. M/s Shri Narendra Singh, Jaisalmer

Shri Narendra Singh promoter appeared before the committee.

The committee noted that it is a case where settlement was reached on 04.03.09 and according to the settlement, the amount was to be paid by June,2009, but the promoter did not pay within time and after allowing extension time and again the amount was finally paid

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on 28.03.13 with the request to waive interest for the delayed period. The request of the borrower was earlier placed before the SLC in its meeting held on 18.12.13, but in view of the security available with the Corpn., the request of the borrower for waiver of interest for delayed period was regretted.

While discussions, the promoter again requested for waiver, but the committee did not agree.

The committee after detailed discussions noted that the SLC in its meeting held on 18.12.13 offered to pay the delayed period interest amounting to Rs.4.08 lac latest by March,2014 without interest. Therefore, again offered to pay the same amount i.e. Rs.4.08 lac with interest from April,2014 in lump-sum ~~of~~, which would be paid latest by 6th Sept.,2014 without interest.

The borrower has consented to the settlement.

GENERAL CONDITIONS:

- 1) Wherever settlement amount is to be paid in installments, the party will produce cheques 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 cheques 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 u/s 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 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 (RRMD)
MEMBER-SECRETARY