RAJASTHAN FINANCIAL CORPORATION
(RRM DIVISION)

Minutes of 108th meeting of SLC held on 18.12.2013 at 10.00 a.m under the Chairmanship of Shri Yaduvendra Mathur, IAS, CMD.

The following were present:

Shri M.K.Sharma, GM, SIDBI, Director	:	Member
Shri Kamal Mehta, Director	:	Member
Shri Pukhraj Sen, ED, RFC	:	Member
Shri Jugal Kishor 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 O.P.Sharma, DM (Law) was also present.

I. Confirmation of the minutes of SLC meeting held on 11.09.2013:

Minutes were confirmed.

II. Action taken report on the decisions taken in the SLC meeting held on 11.09.13:

Action taken report on the decisions taken by SLC during Financial Year 2012-13 and in the meeting held on 12-06-2013 and 11-09-2013 were reviewed by the Committee. During review, it was directed that henceforth instead of all cases decided by SLC, only pending / un settled matters / cases should be placed in the ensuing meeting of SLC for review.

While reviewing the cases, it was decided to initiate recovery action in unsettled cases as per norms, if not yet initiated.

S. No	Name of concern	Date of decision of earlier settlement	Decision taken by SLC
1	M/s. Opticraft, Neemarana	4-5-2012	Branch Office is directed to initiate recovery action as per norms and inform to RRMD through DGM (Op) about latest position.
2	M/s.Styrodyne Packaging Pvt. Ltd. (Now known as Alta Pack (P) Ltd. Bhiwadi	28-6-2012	Settlement amount has been deposited except interest for delayed period. A separate agenda was placed before the Committee and decided to recover interest for delayed period as detailed in separate decision taken on the agenda placed before the committee.
3	M/s.Chetna Service Centre, Jhalawar	20-12-2012	The recovery proceeding pending u/s 32(G) may be persuaded by DGM / Branch Manager and to inform the outcome to RRMD.

4	M/s. Bharatpur Chemical Pvt. Ltd., Bharatpur	20-12-2012	Though, the borrower has not adhere to the earlier decision of SLC but now has requested for revival of settlement dated 20-12-2012 by furnishing a DD of Rs.2.50 lakh and a cheque of Rs.2.50 lakh with the commitment to deposit the balance settlement amount alongwith interest for delayed period as per norms by March,2014. The Committee decided to revive the settlement with the condition that borrower company has to deposit the entire settlement amount alongwith interest as per settlement by 15th March,2014. For this, the borrower has to furnish PDCs to Branch Office, Bharatpur.
5	M/s. New Prince Studio, Jaipur (City)	20-12-2012	Though the entire settlement amount reported to have been paid by the borrower, yet the legal expenses are to be paid. DGM /Branch Manager is directed to recover same amount and issue No Dues etc.
6	M/s. Paramount Ceramic Pvt.Ltd., Pratapgarh	13-3-2013	The Borrower reported to have paid Rs.48.81 lakhs against the net settlement amount of Rs.59.04 lakhs. It was decided to advise DGM / Branch Manger to recover the balance settlement amount alongwith interest for the delayed period immediately and report to RRMD.
7	M/s. A.Daga Steel Overseas Corporation, Jaipur	12-6-2012 & 11-9-2012	Though the case was settled in the principal outstanding of Rs.11,235/- but the Committee noted that the borrower has paid the dues of the Corporation according to the directions of Hon'ble Court, but due to misunderstanding/ miscommunication, a sum of Rs.11,235/- remained outstanding in the loan account. On demanding balance amount the party has filed a writ / contempt petition against the Corporation which is still lying pending. The committee noted that since the party has paid the amount in compliance of Court directions and the contempt petition is pending, hence to avoid any eventuality of adverse comment of the Hon'ble Court in the matter, it was decided to write off the amount outstanding in the loan account and to issue No Dues Certificate to the party. However, the title document of the property should be released only after withdrawal of the Court case / writ petition filed by the Borrower.

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

1. M/s Shri Narendra Singh, Jaisalmer

Shri Narendra Singh promoter appeared before the committee.

The committee noted that the case was settled by Spl.HOLC in its meeting held on 04.03.2009 in a consideration of Rs.11.20 lac (net) payable in three monthly instalments from April to June, 2009 along with interest @ 13% p.a. on simple basis on unpaid settlement amount. The promoter could not adhere to the settlement even after extending time period time and again. The last extension was allowed upto 31.03.12, but the promoter again failed and paid the final/balance settlement amount on 28.03.13 with the request to waive the interest for the delayed period on the ground that he could not run the unit/mines properly and incurred losses and also shut down the business.

The committee noted that the delayed period interst upto 28.03.13 reported to Rs.4.08 lac and this being an NPA case having prime security as well as collateral security of adequate value.

In view of the facts and value of security available, the committee did not find any reason to waive the interest for delayed period. However, the committee offered to pay the interest as worked out to Rs.4.08 lac latest by March,2014 without interest.

The promoter sought time for giving consent in writing. It was decided that the BM will obtain the written consent on the proposal of the committee within 15 days and will recover the dues in time.

2. M/s S.R.Industries, Jodhpur

Shri Poonam Chand, proprietor of the unit appeared before the committee.

The committee noted that a loan of Rs.5.38 lac (including WCTL of Rs.1.38 lac) under single window scheme in the year 1999-2002 was granted to the concern for settling up a unit for manufacturing of cotton Niwar at RIICO Industrial Area, Basni, Jodhpur. It is an NPA account.

While discussing the case, the committee observed that the promoter has represented before the Hon'ble Industries Minister, in the "Open House" held at Jodhpur on 05.01.2007 for settlement of the case under the prevailing OTS scheme. During the open house a senior officer from HO directed the Branch Manager to get the case registered for OTS by accepting 30% upfront amount of principal and to forward the case to HO for consideration. Accordingly, the BM, Jodhpur had issued letter dated 19.01.2007 to the borrower as quoted by the Hon'ble High Court in the decision dated 05.09.13.

The committee noted that the BM forwarded the case to HO, which was processed at HO and found that it does not fulfill the criteria of the OTS scheme 2006-07, as the loan was sanctioned for working capital on 27.02.2002 i.e. after 01.04.2000. The eligibility criteria of the scheme 2006-07 was as follows:

"The cases where loan sanctioned upto 31.03.2000 and the accounts categorized as 'doubtful' or 'loss' as on 31.03.2005 are eligible"

Aggrieved with the denial of the Corporation for settlement of case under OTS, the borrower approached the Hon'ble High Court and filed a writ against the decision of the Corporation. The Court vide its order dated 05.09.2013 decided the case as under:

"Having heard the learned counsel for the parties, this Court is of the opinion that the writ petition deserves to be disposed of with a direction to the respondent RFC to consider the case of the petitioner under One Time Settlement Scheme, as it then existed under which the communication Annex.2 dated 19/1/2007 was given to the petitioner. Since petitioner complied with the conditions of said communication and deposited the requisite money".

"With the aforesaid direction the present writ petition is disposed of. It is expected that respondent RFC will consider and decide the case of petitioner within three months from today".

After the aforesaid directions of the Court, the borrower has submitted a conditional request along with a D.D. of Rs.2.48 lac on 08.11.13 to BO, Jodhpur against full and final payment of dues of the Corporation, which could not be accepted as full and final payment as such the BO has returned vide letter No.855 dated 11.11.13 the same to the party and forwarded the proposal to HO for complying the decision of Hon'ble Court.

After examination of the case in detail, the committee noted that the OTS scheme prevailing in the year 2006-07 was termed as "Scheme for waiver of penal interest in the loan cases having sanctioned amount above Rs.2.00 lac and the thrust of the scheme was to get rid off the sticky accounts and to reduce the NPA portfolio of the Corporation by introducing a scheme for 100% waiver of penal interest in the loan cases having sanctioned amount above Rs.2.00 lac before 2000, provided loanee clears remaining balance outstanding either in one go or latest by 25.03.2007.

In view of the directions of the Hon'ble Court and background of the scheme for waiver of penal interest which existed in the year 2006-07, maximum relief under the scheme was to waive 100% penal interest charged in the loan accounts. The details of total outstanding balance in the loan accounts are as under:

(Rs.in lac)

Particulars	As on 31.03.2007			As on 01.09.2013		
	A/c-I	A/c-II	Total	A/c-I	A/c-II	Total
P.Sum – N.D.P	0.90	0.57	1.47			
O.D.P	2.93	0.80	3.73	3.83	1.37	5.20
Interest – Normal	1.75	0.60	2.35	10.46	1.56	12.02
Penal	0.31	0.06	0.37	1.46	0.34	1.80
O.M	--	--	--	0.03	0.00	0.03
Total	**5.89**	**2.03**	**7.92**	**15.78**	**3.27**	**19.05**

The committee noted that though as per eligibility criteria, the unit was not covered under the scheme, but even if the request of the borrower would have considered favourably, the maximum relief was limited to the penal interest charged in the loan account, which was Rs.0.37 lac as on 31.03.2007.

After detailed discussions, the committee offered to waive entire penal interest charged upto 01.09.13 i.e. Rs.1.80 lac in the spirit of directions of Hon'ble High Court and that is too according to the OTS scheme prevailing in the year 2006-07 and

offered to settle the loan account in a lump-sum of Rs.17.00 lac without interest payable within six months i.e. latest by 31.03.2014. It was also decided that the proceedings may be communicated to the borrower with a copy of settlement scheme 2006-07. The BM, Jodhpur (City) may communicate the proceedings to the advocate of RFC through OIC of the case.

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

Shri Shrikant Lahoti, husband of Smt.Rekha Lahoti one of the partner of the firm appeared before the committee.

The BO, Pali has forwarded a proposal for settlement of loan account of M/s. Bharat Finishing Works, F-307, Mandia Road Industrial Area, Pali. The brief of the case is as under:

1	Name of the concern with location	M/s. Bharat Finishing Works, F-307, Mandia Road Industrial Area, Pali
2	Name of the promoter	1. Smt.Rekha Lahoti, 2. Shri Suresh Toshniwal 3. Shri Abdul Aziz
3	Amount sanctioned with date	On 30.07.93 Rs. 7.35 lac
4	Amount disbursed	Rs. 6.66 lac
5	Date of last disbursement	On 17.01.1994
6	Original LDR	01.07.2002
7	Product	Finishing of Cloth
8	Amount outstanding as on 31.3.13	P.O.D Rs 3,77,390/-
		I.O.D Rs.1,06,31,342/- O.M Rs. 962/-
	TOTAL	**Rs.1,10,09,694/-**

The committee also noted that it is a NPA account and promoter had fraudently transferred the primary assets mortgaged with the Corporation for which FIR was lodged on 18.2.06 but no action was taken by the Police Authority. The BO has informed that FR has been given in the case and therefore the SP, Pali was requested to reopen the FIR vide letter dated 17.5.13. The brief of the case are as under:

1. A loan of Rs.7.35 lac was sanctioned to the unit on 30.03.92 for setting up a unit for finishing of cloth at Plot No. F-307(B), Mandia Road, Industrial Area (MRIA), Pali. It is a partnership firm having three partners namely Shri Abdul Aziz S/o. Shri Wali Mohd., Shri Suresh Toshniwal S/o. Shri Tara Chand and Smt. Rekha Lahoti W/o, Shri Shrikant Lahoti. Out of the sanctioned loan, a sum of Rs.6.66 lac was disbursed.

2. To liquidate the dues of the Corporation, the firm had proposed vide letter dated 27.09.94 to shift the P&M from F-307(B) to Plot No. 97, MRIA, Pali for smooth functioning of the unit. It was also proposed to remit the amount of loan availed against land & building and to furnish necessary collateral security of RIICO land for securing the remaining loan on P&M.

3. The Corporation issued a letter on 05.01.95 stating that the Corporation has no objection to transfer the plot of M/s. Bharat Finishing Works provided RICO to send the lease deed of M/s. Manjushree Industries which was proposed to be set up at Plot No.F-339, MRIA to be mortgaged as collateral security against loan of P&M.

4. It is evident from the record that the borrower tried to play with the Corporation and tempered the letter dated 05.01.95 issued by the Corporation to RIICO. He tempered the condition of "provided you sent the original lease" to "you please send the original lease deed". Later on, the name of M/s. Manjushree Industries was changed to M/s. Shrikant Industries, as per letter of party dated 18.02.95 .

5. It is observed that one of the partner Smt. Rekha Lahoti W/o. Shri Shrikant Lahoti is living at Pali and probably the land and building of M/s. Bharat Finishing Works were purchased by her husband as evident from the name of the Company i.e. M/s. Shrikant Processors Pvt. Ltd., who had also proposed to settle the loan account of M/s. Bharat Finishing Works vide its letter dated 10.03.06.

The committee further noted that besides, from the record it is evident that the promoters of M/s. Shrikant Processors Pvt.Ltd., might be close relative of Smt. Rekha Lahoti. Therefore, the transfer of land in favour of the Company have taken place with the connivance of Smt. Rekha Lahoti and other partners by furnishing false information to RIICO of having cleared the loan account of M/s. Bharat Finishing Works with RFC.

The committee noted that this is a case in which cheating/fraud has been committed by the promoter, therefore the case is not covered under the deemed settlement scheme, but to bring the matter of recovery at a platform, the case was placed before SLC for taking a view for settlement of long pending (19 years) NPA account.

Besides this, the committee also noted that Shri Shrikant Lahoti has also managed in seeking finance of Rs.41.30 lac from the Corporation in 1993-94 in the name of M/s Shrikant Fab Tax (P) Ltd., Pali and following were the directors in the company:

S.No.	Name of directors	Relationship with Shri Shrikant Lahoti
1.	Sh.Vidhyadhar Lahoti S/o Shri Ram Nath Lahoti	Brother
2.	Shri Ram Nath Lahoti	Father
3.	Smt.Shakuntla Lahoti W/o Shri Ramnath Lahoti	Mother

On account of making default in repayment of Corporation dues, the assets of the company were sold by the Corporation on 25.03.2003 leaving a deficit of Rs.45.56 lac (P.sum Rs.32.72 + Intt. 12.83 + OM 0.01 lac).

During discussions with the representative Shri Shrikant Lahoti informed that he is not aware of the facts of the cases. However, he informed to the committee that his brother Shri Vidhyadhar Lahoti might be involved in this process and he is living at Ujjain (M.P). The committee advised him to provide the address, mobile number etc. of his brother to RFC. Accordingly, he has given the same, which is as under:

Shri Vidhyadhar Lahoti
33, Mangal Colony
UJJAIN (M.P) – Phone: 09425093073

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.

4. M/s Paras Oil Industries, Jodhpur

The committee noted that it is a deficit case where the prime assets mortgaged to the Corporation have already been disposed of by the Corporation and collateral security was with the Corpn.

The committee noted that the case was settled by SLC on 11.09.13 with the condition that the title documents of the collateral security shall be released only after furnishing of succession certificate from the competent Court.

The party has deposited the entire settlement amount as per the decision of SLC and the branch office Jodhpur Rural issued NOC/settlement certificate in favour of the concern on 27.09.13.

The party persuaded for release of title documents of collateral security and also approached to the Court for the same. The Honb'le High Court, Jodhpur has passed an order dated 02.12.13 as under:

"That the respondent RFC to release the documents of the properties of collateral security to the petitioner within a period of one week from the date of receipt of certified copy of this order".

In compliance to Court order, it was decided by the competent authority to release the documents as per order of Court. Accordingly BO has released the documents.

The committee confirmed the action taken by the management.

5. Recovery of Seed Money

The matter with regard to recovery of seed money in settlement cases was discussed in detail specifically in reference to the case of M/s Durable Cold Retraders, Ajmer settled by SLC in its meeting held on 12.06.13. The case was settled in a consideration of Rs.6.00 lac excluding Seed Capital assistance provided by SIDBI.

The committee noted that since the borrower has paid the settlement amount and conditional NOC reported to have been issued to the borrower subject to recovery of seed money. It was decided that the matter of recovery of term loan as well as seed money is between the institutions i.e. RFC and SIDBI, the borrower should not be affected, therefore, NOC being issued in such cases should be final i.e. unconditional.

During discussions, it was noted by the committee that the Corporation has recovered the amount of seed money from few borrowers, which is lying with the Corporation may be released to SIDBI and the conditions proposed in the case of M/s Durable Cold Retraders, Ajmer may be treated as final i.e. unconditional, as the Corporation has already settled the dues of SIDBI. However, the committee decided to refer the matter to the State Government for considering that the settlement reached with SIDBI should including seed money and guaranteed dividend payable to SIDBI. The committee also decided that ED(F) may finally reconcile the amount of seed money payable to SIDBI and that lying with RFC and also details of guarantee dividend payable to SIDBI.

The committee further noted that since one time settlement has already reached with SIDBI and the settlement amount has also been paid, henceforth the settlement proposals whatsoever to be considered for settlement would be inclusive of seed money provided to any unit.

6. Redressal of grievances of Transport loanees having sanctioned amount above Rs.2.00 lac sanctioned to SC/ST and Ex-servicemen under SEMFEX Scheme

The committee discussed the agenda placed before the committee and was of the view that since the cases referred in the agenda are having individual merits, therefore cannot be considered at par to the cases in which recovery more than principal has been made. Therefore, in view of the recovery proceedings initiated against these transport loanees, if any proposal is received from field offices for consideration, the same should first be placed before the committee constituted by the Board of Directors for scrutinizing the proposals for write off/write back on merit of the case.

7. M/s.Styrodyne Packaging Pvt. Ltd., Bhiwadi (Now known as Altapack (P) Ltd.)

Shri Prakash Mittal, director of the company, appeared before the committee.

The committee noted that the account of the company was settled by SLC in its meeting held on 28.06.12 on a net settlement of Rs.148.55 lac payable in five monthly instalments commencing from August,2012 along with interest @ 13% on unpaid settlement amount.

The committee noted that :

1. The party could not deposit the settlement amount as per decision and the payment schedule was extended from Dec., 2012 to March, 2013.

2. Again party failed in depositing the settlement amount by 31.3.13, further relaxation in time was allowed up to 30th June, 2013 with the clear stipulation that this is a last relaxation and the party was agreed to pay the interest on the balance amount for the delayed period, which was further extended up to 30.8.13.

3. Since extension beyond the time limit for payment of the settlement amount was always considered with the condition that party will pay the interest for the delayed period, hence, the earlier request of party for waiver of interest for delayed period was not considered.

4. The final instalment of settlement amount was paid on 31.8.13 however, a sum of Rs.11.57 lacs as balance recoverable amount (Rs.11.24 lacs as delayed period from 1.8.12 to 30.8.13 and Rs.0.33 lacs as other money) plus interest from 1.9.13 to date of clearance of account.

5. The director of the company has now again approached the Corporation on 08.11.2013 with their representation for waiver of interest on delayed period submitting following reasons:

   a. That they have already made the entire payment of the settlement amount of Rs.159.70 lacs by 31.8.13.

   b. That they have been facing acute financial constraint and hardship due to closure of their unit and have been able to clear the settlement amount only by liquidation of personal assets and borrowings from relatives & friends.

   c. That they have by now exhausted all their sources for funds and are finding it extremely difficult to make any further payments.

   d. They finally requested that their case be kindly considered on its merit and waiver of interest on delayed payment be allowed in parity with deemed or other settlement cases of HOLC/SLC.

After detailed discussions, in view of the facts that it is an NPA account having adequate security and as the Corporation has already extended co-operation for making payment etc, the committee did not find any reason to waive the interest for delayed period. However, the committee offered to the director to pay the interest amounting to Rs.11.57 lac by March, 2014 without interest. The borrower verbally consented to the decision of the committee. It was decided that the BM will obtain the written consent on the proposal of the committee within 15 days and will recover the dues in time.

8. M/s Mehmooda Bai, Bundi

The committee noted that the dumpers financed by the Corporation have been disposed by the Corporation leaving a deficit of Rs.6.03 lac on 02.12.2002. The deficit account was settled by the BO on 07.02.2007 in a consideration of Rs.6,33,200/-, but thereafter the loanee expired and the settlement could not be adhered.

The committee further noted that Shri Abdul Wahid son of the proprietor late Smt.Mehmooda Bai shown his bonaifde to liquidate/square up the loan account. Accordingly the case was placed before HOLC in its meeting held on 28.02.2012 and the committee has taken decision as under:-

"After detailed discussions and considering the facts and circumstances of the case, the committee offered to revive the earlier settlement reached at BO level on 07.02.2007 along with interest @ 16% for the delayed period, which comes to Rs.10.27 lacs less upfront amount Rs.0.26 lac i.e. at a net settlement amount of Rs. 10.01 lacs payable in four equal monthly instalments commencing from March, 2012.

No interest shall be charged upto 31.03.2012, however, w.e.f. 01.04.2012 interest @ 13% p.a. shall be payable on balance unpaid settlement amount.

Shri Abdul Wahid who attended the meeting consented to the decision of the committee."

The decision of HOLC was again not adhered to, so the SDO, Kota fixed auction of property on 30.08.2012 and at the time of auction son of Mehmooda Bai Shri Abdul Wahid approached the Corporation for making payment of settlement amount upto 31.12.12. Though he has again not adhered to his commitment even after granting extension upto 30.09.13, yet he has paid the settlement amount on 03.12.13.

In view of the facts and circumstances as narrated above, the committee decided to waive the interest amounting to Rs.2.23 lac for the delayed period and also decided to issue no dues as well as to release the title documents available with the Corporation.

GENERAL CONDITIONS:

1) Wherever settlement amount is to be paid in installments, 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 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.

24/12/13

Dy. General Manager (RRMD)
MEMBER-SECRETARY