

Policy for Compromise Settlement of Loss account of HSIIDC - 2021

1. SHORT TITLE AND COMMENCEMENT:

This policy may be called “The Policy for Compromise Settlement of Loss account of HSIIDC - 2021”. This policy shall come into force with immediate effect.

2. CATEGORIES OF ACCOUNTS TO WHICH THIS POLICY APPLY:

- a) This policy will cover all the accounts of the borrowers of HSIIDC which have become loss assets upto 31.03.2018 irrespective of the date of sanction of loan.
- b) The settlement scheme shall be non-discriminatory and therefore the settlement amount shall not to be linked with the value of the personal properties (not mortgaged) of the borrowers / guarantors available / attached by the collectors.
- c) This policy shall also cover doubtful Loan A/cs where no immovable property has been mortgaged as per the then prevailing policy or the mortgaged properties have been disposed off and movable assets i.e. machinery / stocks have also been disposed off by the borrower / not available for disposal.
- d) This policy will not cover cases where the corporation had approved settlement under any of the ongoing scheme or previous settlement schemes of the corporation and settlement has not been cancelled. However, Managing Director is authorized to revive earlier pending OTS approved cases, in case the borrower is agreeable to clear the balance outstanding OTS amount along with applicable normal interest till the date of final payment. No penal interest shall be charged in such cases.
- e) This policy shall also cover cases pertaining to Lease finance, Bridge loans, Working Capital term Loans and corporate loans.
- f) This policy, however, will not apply in respect of cases already settled and no old case shall be reopened.

3. ELIGIBILITY:

- a) All loan accounts which have been categorized as 'Loss Account' upto 31.03.2018 thereby meaning that the securities pledged to the Corporation both Primary as well as Collateral have been disposed off or Agreement to Sell stands executed and 100% of sale proceeds stand received by the Corporation in the process of its recovery by the Corporation, are eligible under the scheme.
- b) Doubtful Loan A/cs where no immovable property has been mortgaged as per the then prevailing policy or mortgaged property has been disposed off and movable assets i.e. machinery / stocks have also been disposed off by the borrower / not available for disposal.

4. SETTLEMENT FORMULA - Amount and Cut off Date

For loss cases, to arrive at the recoverable amount, the account will be recasted by appropriating the amount realized by way of sale of mortgaged assets by the corporation or sale by promoters / guarantors/ mortgagers with the permission of the corporation or by order of any court, will be appropriated on the date of sale first against the actual misc. expenses and then against principal amount and balance, if any, will be adjusted against the outstanding interest. However, the normal recoveries will be adjusted first against the actual misc. expenses and then against outstanding interest and thereafter, the balance amount will be adjusted against the outstanding principal amount as per the existing practice.

Misc. Expenses charged / received from the company since beginning shall be waived off by the Corporation and account will be recasted accordingly.

The minimum amount that should be recovered under the policy in respect of loans classified as loss asset upto 31.03.2018 would be principal outstanding as on date after recasting of Sale Proceeds and waiver of misc. expenses.

If after recasting the loan account by appropriating the amount realized by way of sale of mortgaged assets by the corporation first towards misc. expenses then principal and balance towards interest becomes negative, the borrower shall not be entitled for any refund and the account shall be taken as settled. No down payment will be taken in those cases where the account stands adjusted by adopting this formula.

5. PAYMENT TERMS

- a) The application under this scheme shall be made to the Corporation alongwith non-refundable down payment of 10% of the principal and misc. expenses outstanding as per memorandum loan ledger (after recasting) by Demand Draft / RTGS as down payment. However, if, after recasting the loan account by appropriating the amount realized by way of sale of mortgaged assets by the corporation first towards misc. expenses then principal and balance towards interest becomes negative, the borrower shall not be entitled for any refund and the account shall be taken as settled. No down payment will be taken in those cases where the account stands adjusted by adopting this formula.
- b) The settlement amount can be paid by the borrower within 60 days without interest from the date of issue of approval letter of the settlement in terms of this policy or alternatively.
 - In case the borrower opts for making payments in instalments within one month from the date of issue of approval letter of the settlement, the borrower shall make payment equal to 25% of the settlement amount less 10% down payment amount already deposited alongwith the application, shall be paid within one month from the date of issue of sanction under OTS Scheme.
 - The balance 75% amount shall be paid within one year from the date of issue of approval letter of settlement by the Corporation in 4 equal quarterly installments together with interest @ 13.5% p.a. from the date of approval of settlement up to the date of final payment.

- The borrower will also give an affidavit to the effect that he will not dispute the settlement amount in any court of Law and will also withdraw the Court Cases filed by him against the Corporation, if any or obtain consent decree from the court(s) / DRT/ BIFR.

6. SANCTIONING AUTHORITY

The Sub-Committee constituted by the Board of the Corporation for approving the settlement shall be the Competent Authority to take decision on compromise settlement of accounts as per the provisions of this policy.

The cases settled under this policy shall be placed before Board of information.

7. EFFECT OF THIS POLICY ON CRIMINAL LIABILITIES

The settlement under this policy shall be without prejudice to any criminal liability against the borrowers/guarantors that may arise due to any competent enquiry/investigation.

8. In the event, any of the One Time Settlement conditions do not get fructified, the amount received under this scheme alongwith the upfront amount shall be considered as if the same was received in the normal course under the account and shall be adjusted accordingly.

9. In case of failure on the part of the promoter / guarantor / company to make the payment of OTS amount as per the settlement, Managing Director, HSIIDC is authorized to revoke the One Time Settlement or allow extension considering merits of each case upto a maximum period of one year.

10. DEVIATION/RELAXATIONS ONLY BY BOARD

The Board of Directors shall be competent authority to grant any relaxation in this policy on case to case basis or to amend this policy in general, based on the recommendation of Sub-Committee constituted by the Board for approving the settlement in cases which involve deviation from this policy.

11. INTERPRETATION OF THE PROVISIONS OF POLICY

If any question arises relating to the interpretation of any of the provision of this policy, it shall be referred to the Board of Directors of the Corporation for decision and the decision of the Board of Directors of the Corporation shall be final.

The Corporation shall have a final right to accept or reject any settlement proposal made under this policy without assigning any reasons.

Last date for receipt of applications from borrowers would be at the close of business on 30.09.2021.