

**RAJASTHAN FINANCIAL CORPORATION  
(FR Division)**

**MINUTES**  
**86th SLC Meeting**  
Date :12.03.2009

Present:

Shri A.K.Garg, IAS Chairman & Managing Director	:	In Chair
Shri Kamal Mehta Director,	:	Member
Shri Pawan Arora, Executive Director	:	Member
Shri Suresh Singhal FA/GM(A/c)	:	Member
Shri Rajendra Vijay, GM(D)	:	Member Secretary

Shri L.K. Ajmera, DGM(DDW), Shri A.P. Mathur, DGM(FR-1), Shri M..R. Chhinwal, DGM(ARRC), Shri H.C. Khunteta, Manager (DDW), 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 21.11.08.**

Minutes were confirmed.

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

**1) M/s Shree Nakoda Gases Ltd., Balotra (ARRC case)**

Shri Bharat Kothari, Director of the company appeared before the committee. Promoters / Directors of the company approached High Court, Jodhpur and the Hon'ble High Court passed order on 3.11.08 to decide the review appeal filed by the petitioner / promoters in accordance with law.

The party vide letter dated 22.9.08 requested to CMD to register the case for review of settlement done by SLC dated 27.3.08. The party was advised vide letter dated 14.10.08 that there is no provision to make an appeal again to SLC.

To comply with the directions of Hon'ble High Court, Jodhpur the case was discussed by the committee. The committee reiterated the offer of settlement i.e. 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. Interest @ 13% p.a. on simple basis shall be charged on unpaid amount of settlement upto Oct., 08 and @ 16% thereafter.

Shri Bharat Kothari, Director requested to give time before giving consent for settlement of the committee. Since Shri Bharat Kothari did not consented to the settlement of committee therefore, committee decided to **reject** the appeal for review of settlement done by SLC held on 27.3.08

## **2) M/s Gokul Group of Industries, Karauli (ARRC case)**

Shri Giriraj Prasad Gupta, father of Shri Pushpendra Gupta, proprietor appeared before the committee. The case was placed in Special HOLC held on 7.11.08. After detailed discussions and considering all the facts and position of the case, the committee offered to settle the account in a consideration of Rs. 8.75 lakh less upfront amount of Rs.0.75 lakh i.e. at the net payable settlement amount of Rs.8.00 lakh, but the proprietor did not accept the offer hence, the case was rejected.

Shri Pushpendra Gupta, Proprietor made an appeal against decision of Special HOLC by depositing upfront amount of Rs 0.75 lac on 5.12.08 alongwith registration fee for appeal to SLC.

A loan of Rs.5.00 lakh was sanctioned on dated 23.02.1998 out of the sanctioned amount a sum of Rs. 4.52 lakh was disbursed to the unit upto 20.12.2000 for manufacturing of poly pipe.

A sum of Rs.17.88 lakh was outstanding as on 28.2.09 (principal sum Rs.4.51 lakh, interest Rs. 13.37 lakh ). The MRV of the prime assets reported is Rs.10.87 lakh. No collateral security and third party guarantee is available. The category of the loan account as on 31.03.2005 was **Doubtful**.

The unit is under possession since 10.12.2007. High Court has directed on 26.2.08 to maintain status-quo which is still in operation.

After detailed discussions and considering all the facts and position of the case, the committee offered **to settle** the account in a consideration of Rs.7.00 lac less upfront amount of Rs.0.75 lakh i.e. at the net payable settlement amount of Rs.6.25 lakh payable on or before 26.3.09. Shri Giriraj Prasad Gupta, father of Shri Pushpendra Gupta consented to the settlement.

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

Shri Har Bhagwan Dhingra, Shri Rajendra Kumar Dhingra & Shri Alok Kumar Dhingra representatives of the unit appeared before the committee.

M/s. K R Electrodes & Wire Inds., Banswara got his case registered for settlement of their deficit account on 11.03.08. The branch level settlement committee settled his case on principal deficit + other money + 5% recovery charges (settlement amount of Rs.888150/-) on 13.3.08 but the party had made appeal against the decision of Branch Level Committee on 10.04.08.

The appeal against the decision of Branch Level committee was placed before Spl.HOLC in its meeting held on 28.06.08 and following decision was taken:

“Shri Rajendra Dhingara and Shri Har Bhagwan, partner of the unit, appeared before the committee.

It is a deficit case. The case was earlier decided / settled by DLC on 13.03.08 at a net payable settlement amount of Rs.8.88 lac under the provisions of the OTS Scheme of 2007-08 but the promoter had made an appeal, hence, it is an appeal case. A loan of Rs.9.22 lac was sanctioned on 27.01.95 out of which Rs.8.45 lac was disbursed. On account of non payment of dues, the corporation had taken over the assets into possession on 19.01.01 and sold in a consideration of Rs.4.45 lac leaving a deficit of Rs.10.30 lac (principal Rs.8.46 lac, interest Rs.1.84 lac). RoD was sent to Collector, Banswara against which the promoter filed case in Hon'ble High Court, Jodhpur. The promoter has requested for waiver of 5% recovery charges, waiver of interest after reschedulement and also compensation for some of machinery parts stolen during possession period.

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.8.46 lac less upfront amount of Rs.2.12 lac (rounded off) deposited for DLC and Spl. HOLC i.e. at the net payable settlement amount of Rs.6.34 lac, which shall be paid by the unit in eight equal monthly instalments commencing from July, 2008 to Feb., 2009.

The partners, however, sought seven days time for giving their consent on the above offer of the committee, hence, the committee granted seven days time for furnishing the consent by the partners and in case of failure the case will be treated as rejected. In case of consent, the party will also withdraw the court case.

No interest would be charged up to 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 decision of the committee has been conveyed to the BM and party vide letter dated 03.07.08.

As per the decision of the Spl. HOLC partners were to give consent on the above offer within a period of 7 days but instead of giving consent party has preferred to file an appeal once again and has deposited registration fee of Rs.5000/- and upfront amount Rs.84600/- on 22.07.08.

Policy for Appeal:

- i) Appeal against the decision of Branch Manager can be made to Spl.HOLC against the decision of Spl. HOLC to SLC within 30 days of the date of conveying decision to the party by depositing upfront amount equivalent to 10% of principal deficit amount / decreetal amount / written off amount and registration fee Rs.5000/- beyond this period no case shall be entertained as an appeal by the field offices without prior approval of CMD.
- ii) Appeal in cases decided by Spl. HOLC may be made to SLC but no second appeal will be allowed in those cases which have been decided by Spl. HOLC as appeal cases.

In the instant case, Spl. HOLC has decided the case as an appeal of decision of Branch level committee. Therefore, as per norms second appeal was not permissible but since the party has not consented on the decision of Spl. HOLC dated 28.06.08 and has again filed the application for appeal alongwith registration fee and upfront amount and Branch Manager has also recommended to allow one more chance in the party, the CMD has considered the request and allowed to place the appeal / request before SLC.

The case was placed before the SLC in its meetings held on 30.08.2008 and 21.11.2008 and following decision was taken.

“Since nobody turned up therefore the case is deferred.”

In compliance of the said decision the case is again submitted before the committee for its consideration.

It's a deficit case as well as the appeal case. An amount of Rs.922000/- was sanctioned to the unit on 27.01.95 and out of which the sum of Rs.847500/- was disbursed upto 20.01.96 for setting up a unit for Enameled Copper Wire. On default in repayment of corporation dues, the assets of the unit were taken over into possession on 19.01.2001 and the assets were sold on 15.12.2004 in a consideration of Rs.445000/-. After appropriation of sale price the deficit as on the date of sale was Rs.10.30 lacs (P.sum Rs.8.45 lac and Interest Rs.1.85 lac). In order to recover the deficit amount RoD has been filed with Collector, Banswara. The party filed a case in High Court, Jodhpur against action u/s 32-G. As per the party's request it has desired to waive 5% recovery charges, waiver of interest after reschedulement and compensation for some of machinery stolen during the possession period.

As per the norms the case can be considered on P.sum deficit + OM + 5% recovery charges.

After discussions and considering all the facts and position of the case, the committee decided **to settle** the account in a consideration of Rs.8.46 lac less upfront amount Rs.2.96 lac deposited (Rs.0.85 lac on 11.03.08, 1.27 lac on 10.04.08 and Rs.0.84 lac on 22.07.08) i.e. net payable settlement amount at Rs.5.50 lac payable in six Equal monthly instalments. The first three equal monthly instalments would be without interest and the balance three equal monthly instalments will be with interest and commencing from March, 2009 to August, 2009.

The interest shall be charged @ 13% p.a. on simple basis on the balance unpaid settlement amount from June, 09 to August, 09.

The representative consented to the settlement.

#### **4) M/s. Saharan Steel & Engg Pvt. Ltd., VKIA, Jaipur (DDW Case)**

Shri B S Saharan, Director and Shri Ajay Shah S/o another director representatives of the unit appeared before the committee.

- i) It is a deficit/written off case.
- ii) Notice u/s 32-G issued on 10.10.06. The DGM(R) has forwarded the application/ RoD to Collector on 25.01.07.
- iii) Earlier the case was placed before the HOLC in its meeting held on 27.10.98 and following decision was taken:

“After discussions it was found that as per on going OTS Scheme the case can be settled by Charging simple rate of interest whereas Mr. Saharan proposed to settle the account by making the payment of Principal only which was not accepted by the committee.”

- iv) Aggrieved to the decision of HOLC promoter of the unit approached to SLC and appealed against the decision of HOLC. The case was placed before the SLC in its meeting held on 18.12.98. On behalf of the company Mr. B.S.Saharan represented the case. It was represented by Mr.Saharan that account may be settled by accepting only principal outstanding for which the committee was not agreeable. However the committee offered to Shri Saharan that their account can be settled as per eligibility of the case under on going settlement scheme i.e. by charging interest at refinance rate + 1% on simple basis for which Mr. Saharan did not agree, hence the case was rejected.
- v) The request of the party to review the case was placed before the SLC in its meeting held on 22.03.99. After consideration, the committee offered to settle the account as per provisions of the on going OTS Scheme where as Mr. Saharan wanted to settle the account by paying 80% of principal amount which was not accepted by the committee, hence the case was rejected.
- vi) As per norms the case can be settled in Principal outstanding + OM + 5% recovery charges i.e. Rs.2286900/- + 2133/- + 114452/- + visit charges of team of H.O. visited Mumbai for recovery of corporation dues (copy of visit report also enclosed).
- vii) The competent authority has allowed to place the case before SLC for review without any upfront money and registration fee and not treating the case as new.

A loan of Rs.37.15 lac was sanctioned to the unit on 29.05.91 and out of which Rs.24.49 lac was disbursed upto 07.05.93 for setting up a unit for Steel Fabrication & Engg. On default in repayment of corporation dues assets of the unit were taken over into possession on 21.01.99 and the assets were sold on 27.03.02 in a consideration of Rs.21.00 lac. After appropriation of the sale price the deficit amount in the loan account as on the date of sale was Rs.41.49 lac (P.sum Rs.22.87 lac, Interest Rs.,.18.60 lac and OM Rs.0.02 lac). The case was also written off in the year 2006-07 for the sum of Rs.22.87 lac and the amount was written back at Rs.18.62 lac.

The party's request is to drop the recovery proceedings forever. The representative requested to the committee to provide one more opportunity to present his case once again before next SLC.

However after discussions and considering the facts and position of the case, the committee decided that **if the party** deposits the upfront amount and registration fee for the next SLC, the case may be placed before it for its consideration. Accordingly, the party was also advised by the committee.

5) **M/s Dariyav Forgings, Nagaur (FR case)**

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

6) **M/s Pinkcity Group of Industries, Sikar (FR case)**

Shri Ashok Saraf, Manager of the concern appeared before the committee.

A loan of Rs.13.57 lac was sanctioned on 28.2.01 and Rs.6.31 lac was disbursed for manufacturing mineral water. The project has not been fully implemented and there was also a dispute between the promoter & supplier of P&M.

The case was registered for Spl.HOLC by providing relaxation in the restrictive clause of the settlement scheme which stated that the value of primary and collateral security should not be more than 150% of the total outstanding as on the date of registration the relaxation was provided by the competent authority on 30.07.2008.

The case was earlier placed before Spl. .HOLC in its meeting held on 25.9.08. Shri Pokarmal Sundha proprietor of the concern appeared before the committee. The committee offered to settle the account by waiving the entire penal interest debited since beginning to 1.9.08 which was Rs.1.42 lac. The committee therefore, offered to settle the account on a sum of Rs.10.64 lac -Rs.1.42 lac= Rs.9.22 lac less upfront amount of Rs.0.95 lac i.e. at the net payable settlement amount of Rs.8.27 lac but the proprietor did not accept the offer, hence the case was rejected with the directions to Branch Manager to take necessary action for recovery of Corporation dues.

Legal notice was issued on 15.10.2008. Aggrieved with the decision of Spl.HOLC, party has filed appeal for SLC. The CMD has condoned the delay for filing an appeal in SLC up to 1.12.08.

After detailed discussions with the representative and considering all the facts and position of the case, the SLC decided **to settle** the account in a consideration of Rs.7.31 lac less upfront amount of Rs.0.95 lac i.e net payable settlement amount of Rs.6.36 lac which shall be paid by the loanee in the following manner:

- a) Rs.2.36 lac by 25.03.09
- b) Rs.2.00 lac by April, 2009
- c) Rs.2.00 lac by May, 2009

No interest shall be charged upto 31.3.2009 and w.e.f. 01.04.09 interest shall be charged @ 13% p.a. on simple basis on the unpaid settlement amount.

The representative of the unit consented to the settlement.

7) **M/s. Churu Fertilizers, Churu (FR Case)**

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

8. **M/s Choudhary Steel Udyog, Sikar (FR Case)**

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

9. **M/s Kamal Industries, Sikar (FR Case)**

Nobody turned up. However, a letter has been received from the party requesting to give next date as the proprietor is unable to attend the meeting due to ill-health, therefore, in this consideration the case was **deferred**.

10. **M/s United PVC Pipe Factory, Pilani, Jhunjhunu (FR Case)**

Shri Chhagan Lal Bhati, Guarantor of the concern appeared before the committee.

A loan of Rs.1.83 lac was sanctioned on 30.11.82 out of which Rs.1.82 lac was disbursed upto 08.03.1984 to the unit for setting up a PVC Pipe manufacturing unit in rented prequal monthly instalments.

Personal guarantee of Shri Chhagan Lal Bhati, brother of one of the partners Shri Sanwar Mal Bhati s/o Shri Shankar Lal Bhati has been taken. The Branch reported that unirrigated agricultural land measuring 13 bigha is in the name of Shri Shankar Lal, Father of one of the partners Shri Sanwar Mal Bhati having share of three brothers is in the said land. The MRV of the said land has been reported to Rs.6.00 lac.



A sum of Rs.56.49 lac was outstanding as on 01.12.2008, (principal sum Rs.1.82lac and interest Rs.54.67 lac). Financed assets i.e. P&M is missing. No collateral security is available. The status of the unit has been reported closed and category of loan A/c is doubtful on 31.3.05.

Notice u/s 32(G) issued on 19.02.2008 but claim could not be filed due to non identification of property. FIR has not been lodged for missing P&M.

The case was placed before Spl HOLC in its meeting held on 25.9.08. Shri Chagan Lal Bhati, Guarantor of the unit appeared before the committee to represent the case. No settlement could be reached even after lengthy discussions. The case was therefore, rejected with the advise to Branch Manager to effect recovery of Corporation dues.

After detailed discussions with the Guarantor of the concern and considering all the facts and position of the case, the SLC decided **to settle** the account in a consideration of Rs.3.72 lac less upfront amount of Rs.0.47 lac (Rs.0.19 lac (rounded off) deposited for Spl HOLC and Rs.0.28 lac (rounded off) for SLC) i.e net payable settlement amount of Rs.3.25 lac which shall be paid by the party in the following manner:

- i) Rs.1.50 lac by 25.03.09
- ii) Balance settlement amount in two equal monthly instalments commencing from April, 2009

No interest shall be charged upto 31.3.2009 and w.e.f. 01.04.09 interest shall be charged @ 13% p.a. on simple basis on the unpaid settlement amount.

The guarantor of the unit consented to the settlement.

**11. M/s Saraswati Sangmarmar Udyog, Banswara (FR Case)**

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

**12. M/s Shiv Stone Industries, Chittorgarh (FR Case)**

Shri Madan Lal Dholi, Proprietor and his relative Shri Har Dayal appeared before the committee.

The concern was sanctioned a loan of Rs.1.60 lac under WCTL scheme in November,2000 and since then it has committed default. The Branch Office initiated action u/s 32 (G) of SFCs Act. The party obtained stay from lower court. After the stay was vacated, the Tehsildar attempted auction of the assets two times but no bidder turned up. Party has made request for settlement of account in

consideration of principal sum plus other money plus 5% motivational incentive to be paid to revenue authorities.

This case was placed before Spl HOLC in its meeting held on 7.11.08. Decision taken by the committee is reproduced below:

“Shri Shri Madan Lal, Proprietor of the concern, appeared before the committee.

A loan of Rs.1.60 lakh was sanctioned and disbursed to the unit upto 1<sup>st</sup> Nov., 2000 for Stone cutting and polishing unit.

A sum of Rs.3.05 lakh was outstanding as on 01.09.2008, (principal sum Rs.1.39 lakh, interest Rs. 1.61 lac and other money Rs. 0.05 lakh). The MRV of the prime assets is Rs.3.74 lakh and the MRV of collateral security is reported Rs. 17.00 lakh. No third party guarantee is available. The status of the unit has been reported closed. The category of the loan account as on 31.03.2005 was **Doubtful**.

For recovery action u/s 32(G) of SFCs Act initiated. The matter is pending with Revenue officials.

Tehsildar concerned has attempted auctions of the attached property two times but no bidder turned-up. The Branch Manager reported that the assets (collateral security) are situated in Harijan Basti, so not easily marketable.

After detailed discussions and considering all the facts and position of the case, the committee offered to settle the account in a consideration of Rs. 3.20 lakh (inclusive of 5% motivational incentive to be paid to Revenue officials) **less** upfront amount of Rs.0.15 lakh (rounded off) i.e. at the net payable settlement amount of Rs.3.05 lakh, but the proprietor did not accept the offer hence, the case was **rejected** with the direction to BO to take necessary action for recovery of Corporation dues.”

Party against the decision of Spl HOLC held on 7.11.08 made an appeal to SLC.

After detailed discussions with the proprietor of the concern and considering all the facts and position of the case, the SLC decided **to settle** the account in a consideration of Rs.2.22 lac less upfront amount of Rs.0.22 lac i.e net payable settlement amount of Rs.2.00 lac which shall be paid by the party in the following manner:

- i) Rs.1.00 lac by 25.03.09
- ii) Balance Rs.1.00 lac by April, 2009

The committee decided that if the party makes the payment as per the schedule as above, no interest shall be charged on the settlement amount.

The proprietor of the unit consented to the settlement.

**13. M/s Newar Marble Industries, Abu Road (ARRC Case)**

Shri Nirmal Daga and Shri L.N. Muchhal representatives of the company appeared before the committee. This case was placed before Spl. HOLC in its meeting held on 4.3.09. After detailed discussions and considering all the facts and position of the case, the committee offered to settle the account in a consideration of Rs. 73.56 lac less upfront amount of Rs. 3.56 lac i.e. at the net payable settlement amount of Rs. 70.00 lac, but the promoters / representative did not accept the offer therefore, the case was rejected with the directions to Branch Office to take action for recovery of the dues.

Promoters of the company have requested for appeal to SLC against the decision of Special HOLC. Promoters requested to CMD for relaxation in upfront amount for appeal to SLC by 50% which was allowed.

A loan of Rs.27.75 lac was sanctioned on 28.3.85 and the same was disbursed upto 21.8.87 for manufacturing of mirror polished marble tiles. It was a joint finance case with RIICO.

A sum of Rs.48.35 lac was outstanding as on 1.3.09 (excluding interest for possession period). The interest for the possession period on simple basis works out to Rs.80.12 lac, as such, the outstanding inclusive of interest of possession period comes to Rs.128.47 lac as on 1.3.09. The MRV of the prime assets is Rs.86.09 lac as on 15-10-08. No collateral security and third party guarantee is available. The category of the loan a/c as on 31.3.05 was doubtful.

The unit is under possession since 8.5.92. The party approached to Hon'ble Court, Kolkata and the court ordered on 23.6.92 to maintain status-quo. Hon'ble High Court, Kolkata passed order on 8.8.08 and allowed the Corporation. to auction the unit for realization of its dues.

A sum of Rs.932920/- have been received from SDM, Mt.Abu on 20.12.07 against the compensation for land acquired by National Highway Authority of India.

After detailed discussions and considering all the facts and position of the case, the committee felt that in case of auction of the assets by RFC, not

more than Rs.60.26 lac (70% of the value) is likely to be received. Therefore, because it is a joint financing case with RIICO, RFC's share would be no more than Rs.19.14 lac. Thereafter also 30% would have to be set apart for various Government dues. Hence, the Committee offered to settle the account on principal sum plus other money i.e. in a consideration of Rs. 36.33 lac less upfront amount for Special HOLC and SLC (Rs. 3.56 lac + Rs. 2.73 lac). During discussions Shri Daga, representative, also requested to adjust the total amount of Rs. 9.33 lac received from SDM, Mt.Abu against compensation of land acquired by NHAI. In case RIICO demands share in the compensation received from NHAI, Shri Daga shall settle the issue with RIICO. The Committee, therefore decided **to settle** the account on the net payable settlement amount of Rs.20.71 lac payable in three instalments upto May, 2009.

No interest shall be charged on the settlement amount upto May,2009. Three post dated cheques for settlement amount shall be submitted by the promoters / representatives.

The representatives of the company consented to the settlement.

#### **14. M/s Kandoola Marble, Dungarpur (ARRC Case)**

Nobody turned up, therefore, the consideration of the 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) The party, if any, shall withdraw Court case.
- 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 15<sup>th</sup> 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  
87th SLC Meeting  
Date :20.03.2009**

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 Rajendra Vijay, GM(D)	:	Member Secretary

Shri R.P. Meena, DGM(FR-2), Shri A.P. Mathur, DGM(FR-1), 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. Confirmation of the minutes of SLC meeting held on 12.03.03.**

Minutes were confirmed.

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

**1) M/s Kandoola Marble, Dungarpur (ARRC case)**

Shri Harish Chand Shah, father of partner Shri Amit Shah appeared before the committee.

The case was placed before Spl. HOLC in its meeting held on 1.9.08. The committee offered to settle in the net payable settlement amount of Rs.10.00 lac (Rs.12.53 lac minus upfront amount of Rs.2.53 lac). But the same was not accepted by the party in writing and preferred appeal against the decision of Spl.HOLC. The party made an appeal for SLC on 28.11.08.

A loan of Rs.16.00 lac was sanctioned on 31.3.99 out of which Rs.7.45 lac was disbursed upto 22.12.00.

Due to non payment of Corporation dues, possession of the unit was taken over on 23.1.06. A sum of Rs.17.06 lac was outstanding as on 1.12.08 (principal sum 7.45 lac, interest Rs.9.44 lac and other money Rs.0.17 lac). If interest for the possession period on simple basis is included amounting to Rs.8.57 lac outstanding becomes 25.63 lac. MRV of financed assets was Rs.13.75 lac as on 10.6.08 that includes the MRV Rs.10.00 lac of the mining area. The MRV of collateral security is Rs.10.00 lac. No third party

guarantee is available in the case. Category of loan account is doubtful as on 31.3.05.

As per Branch Office letter dated 3.3.09 the mining lease has been cancelled due to non payment of lease rent / deed rent and possession has been taken by Mining Department on 2.1.08. Case is pending as per Land Revenue Act for recovery of Rs.19,526/- As per letter of Mining Department, sale of mines is against rules.

After detailed discussions with the representative and considering all the facts and position of the case, the SLC decided **to settle** the account in a consideration of Rs.10.00 lac less upfront amount of Rs.3.68 lac (Rs.2.53 lac deposited for Spl HOLC and Rs.1.15 lac for SLC) i.e at a net payable settlement amount of Rs.6.32 lac which shall be paid by the loanee in the month of March, 2009

The representative of the unit consented to the settlement.

## **2) M/s Dariyav Forgings, Nagaur (FR case)**

Shri Jugal Kishore, Proprietor and his relative Shri Pawan Sharma appeared before the committee.

The above case was placed before SLC in its meeting held on 30.08.09 and the case was deferred. The decision of the committee was as under:

“Shri Gajendra Jangid, s/o Shri Jugal Kishore (promoter 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 lac 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 loan 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. Keeping in view the request, the case was deferred."*

*Again the case was placed before SLC on 21.11.08 and 12.03.08 since nobody turned up, hence consideration of the case was deferred.*

*A sum of Rs. 33.72 lac was outstanding as on 01.03.2009, (principal sum Rs.12.40 lac, interest Rs. 21.26 lac and other money Rs.0.06 lac). MRV of financed assets is Rs.10.40 lac and collateral security is reported to Rs.10.68 lac respectively. No third party guarantee is available. Category of loan account is doubtful as on 31.3.05.*

*After detailed discussions with the proprietor / representatives and considering all the facts and position of the case, the SLC decided **to settle***

the account in a consideration of further payment of Rs.15.62 lac which shall be paid by the loanee in the following manner:

- a) Rs.1.00 Lac by 31.03.2009
- b) Rs.14.62 lac in six equal monthly instalments commencing from April, 2009

No interest shall be charged upto 31.03.09 and w.e.f. 01.04.09 interest shall be charged @ 13% p.a. on simple basis on the unpaid settlement amount.

The proprietor of the unit consented to the settlement.

### **3) M/s. Churu Fertilizers, Churu (FR case)**

Shri Vijay Singh Shekhawat, representative of the unit appeared before the committee.

A sum of Rs. 33.92 lac was outstanding as on 01.03.2009, (principal sum Rs.1.73 lac, interest Rs. 32.11 lac and other money Rs.0.08 lac). MRV of financed assets is reported to Rs.6.14 lac. No third party guarantee or collateral security is available. Category of loan account is doubtful as on 31.3.05.

The case was placed before Spl. HOLC on 25.9.08, but could not be settled and so rejected, the decision of the committee is reproduced as under:

“ Shri V.S.Shekhawat and Shri Moti Singh Shekhawat, attorney holder of the promoter, appeared before the committee.

The case was mutually sold on 25.7.86 for a sum of Rs.1,07,776/- (deferred payment was of Rs.0.81 lac) & further loan of Rs.1,44,000/- was sanctioned on 25.10.86 out of which Rs.0.92 lac was disbursed upto 7.3.89 for establishing a unit of bone crushing.

A sum of Rs.31.70 lac was outstanding as on 01.09.2008, (principal sum Rs.1.73lac and interest Rs. 29.97 lac). The MRV of the prime assets is Rs.6.14lac (Land 3.50 lac, building Rs. 2.64 lac). Category of the loan account was “Doubtful” as on 31.03.05. No collateral security or third party guarantee is available.

On account of Government dues, the unit was seized by the Tehsildar on 13.7.89. As per decision of High Court, possession to the loanee handed over on 13.8.08. Now there is no litigation.

The unit is situated 5-6 kms far from Churu City on National Highway No.65. There is no any other industry in the area, hence, poor potentiality of disposal of the unit u/s 29/30.



The party has not deposited any amount since beginning except upfront and initial amount for last 20 years.

No settlement could be reached even after lengthy discussions, the case was therefore **rejected** with the advise to Branch Manager to take immediate action u/s 29 / 30 of SFCs Act, 1951 as per the norms. Further, the Branch Manager may take necessary action in the matter related to purchasing of the fixed assets, if any, without permission from RFC.”

The party has further shown inclination to settlement and requested for condonation of delay and permission for filing appeal before SLC. The delay has been condoned by the competent authority.

The party has deposited registration fee & upfront fee as prescribed in the settlement scheme.

Even after lengthy discussions, the settlement could not be reached, therefore, the case was **deferred** with the advise to place the case in the next meeting.

#### 4) **M/s. Saraswati Sangmarmar Udyog, Banswara (FR Case)**

Shri Girish Upadhyaya s/o one of the partner viz. Smt. Saraswati Devi appeared before the committee.

This case was placed before Spl HOLC in its meeting held on 30.01.08. Decision taken by the committee is reproduced below:

“Shri Girish Upadhaya, brother of partner of the unit, appeared before the committee.

This case is registered for Special HOLC as a special case with the approval of competent authority. A loan of Rs.7.40 lac was sanctioned (In A/c- I Rs. 2.60 lac and in A/c-II Rs. 4.80 lac on 30.08.89 and 23.06.90 respectively) for setting up a unit of marble tiles. Out of which Rs. 7.10 lac were disbursed. The category of the loan account was ‘Doubtful’ as on 31.03.04. The unit is lying closed. A sum of Rs. 2.22 lac was outstanding as on 01.12.2007 in both the accounts, out of which Rs. 0.68 lac towards principal and Rs. 1.54 lac towards interest. The MRV of the financed assets is Rs. 3.20 lac. The present value of collateral security (at the time of execution) is Rs. 19.80 lac and the value of third party guarantors is NIL. Action u/s 32(G) has been initiated.

After detailed discussions with the partner and considering all the facts and position of the case, the committee offered to settle the account in a consideration of Rs. 2.12 lac **less** upfront amount of Rs. 0.20 lac (rounded off), i.e. at the net payable settlement amount of Rs. 1.92 lac, but the above offer of the committee was not accepted by the representative of the unit, therefore, no settlement could be reached

and the case was **rejected** with the advice that the Branch Office should immediately take possession of the collateral security in exercise of powers conferred u/s 29 of SFCs Act, 1951.”

The Branch Manager has informed that possession of collateral security, as was decided by Spl HOLC, could not be taken for the reason that the party was not keeping well and away from station to Ahmedabad for her treatment and wanted to make an appeal to SLC against the decision of Spl HOLC.

Party made a representation dated 22.07.08 at the headquarter making request to allow her to get the case registered for SLC. The competent authority condoned the delay and decided that the case may be registered for appeal to SLC as a Special case after deposition of requisite registration charges and upfront amount.

Party deposited requisite registration fee and upfront amount on 15.09.08 and the case was registered by the Branch Office for SLC.

Branch Office has initiated action u/s 32(G) for recovery of Corporation dues and filed application with Collector, Banswara.

The MRV of assets and collateral security is aggregated to Rs.23.00 lac against the outstanding of Rs.2.40 lac as on 01.03.09.

After detailed discussions with the representative and considering all the facts and position of the case, the SLC decided **to settle** the account in a consideration of Rs.2.40 lac less penal interest Rs. 0.13 lac less upfront amount of Rs.0.10 lac (rounded off) deposited for SLC i.e net payable settlement amount of Rs.2.17 lac. The offer given by the committee was not accepted to the party hence the case was **rejected**. The committee decided that Branch Office should immediately take legal action u/s 30 / 29 of SFCs Act, 1951 for recovery of Corporation dues..

5) **M/s Choudhary Steel Udyog, Sikar (FR case)**

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

6) **M/s Kamal Industries, Sikar (FR case)**

Smt. Maya Totlani, wife of the promoter visited the H.O. and gave a letter that her husband is hospitalized, as such case may be considered in the next meeting.

The borrower purchased fixed assets of one of the closed unit from the Corporation in a consideration of Rs.3.50 lac on deferred payment basis in March 2001.

The borrower failed to make repayment of the dues therefore B.O. initiated legal action. Aggrieved with this action of the Corporation party filed a writ

petition (SB civil writ petition No.1338/2005) before Hon'ble High Court, Jaipur and obtained stay on 28.2.05.

The Hon'ble High Court on 19.5.08 disposed off the stay application as well application under Article 226 (3). Operating para of order passed by the Hon'ble High Court is as under.

“After considering the submissions of the learned counsel for the parties, the interim stay order dated 28.2.2005 is modified, and it is directed that the petitioner will deposit a sum of Rs.4,80,000/- (amount of eight dishonoured cheques of Rs.60,000/- each) within a period of four-weeks from today, failing which the interim stay order will be deemed to have been vacated, and it will be open for the respondents to proceed with the matter in accordance with the law”

Instead of making payment as per order passed by Hon'ble High Court party requested to consider its case for settlement. This request was examined at. H.O. and it was decided that since the unit is eligible for settlement under prevailing OTS scheme for settlement of NPA's therefore B.O. has been advised to register the case as per norms.

The promoter Shri Nanak Ram Totlani has entered into an agreement on 18.8.07 with Shri Mali Ram Agarwal for sale of the unit without prior permission of the Corporation. The sale consideration was Rs.7.21 lac and advance of Rs.1.21 lac was received by Shri Nanak Ram Totlani from Shri Mali Ram Agarwal and balance payment of Rs.6.00 lac shall be made by Shri Mali Ram Agarwal to Shri Nanak Ram Totlani after submission of NOC from RFC, RIICO, DIC, Electricity Board.

The Hon'ble High Court vide order dated 01.07.08 has ordered as under:

“In the present writ petition, two applications have been filed; one for withdrawal in view of possibility of amicable settlement; another application has been filed by Shri Mali Ram Agarwal for impleadment on the ground that he is the bonafide purchaser of the property during pendency of the writ petition vide agreement dated 18.8.07 in pursuance to which possession of the property in dispute has been delivered to him.

Mr Gupta appearing on behalf of applicant Mali Ram Agarwal submits that since third party rights are involved, therefore, the withdrawal of the writ petition may not be permitted.

In the aforesaid circumstances, the parties are directed to maintain the status quo and the Rajasthan Financial corporation is further directed to make its stand clear with regard to the due amount as well as status of the property.

Put up after two weeks.”

The Hon'ble High Court vide their order dated 20.8.08 has ordered as under:

“Heard learned Counsel for the parties.

In the present case, the dispute, which has now been developed in between the parties and the applicant is that the physical possession of the property in dispute, which is sought to be auctioned for due amount by the Rajasthan Financial Corporation. The applicant Mali Ram has offered to clear the dues in view of some agreement to sell by the petitioner. However, the petitioner is disputing the said agreement, but still the rights of the applicant are involved in the matter on account of having the possession over the property in dispute, therefore, I am inclined to accept the application of Mali Ram for impleading him as co-petitioner and the application of the petitioner Nanak Ram Totlani for withdrawal of the writ petitioner is hereby rejected.”

The promoter Shri Nanak Ram Totlani has filed an appeal against this decision of Hon'ble High Court (Single Bench) before the Divisional Bench (Special Appeal) Writ No. 1432/2008 of Hon'ble High court. The Hon'ble High Court vide its order dated Sept,08 decided to issue notice.

The case was placed before Spl.HOLC in its meeting held on 1.9.08. Shri Nanak Ram Totlani proprietor of the unit appeared before the committee. After detailed discussions & considering all the facts & position of the case, the committee offered to settle the account in a consideration of Rs.6.41 lac **less** upfront amount of Rs.0.41 lac i.e. at the net payable amount of Rs.6.00 lac but the promoter did not agree to the offer given by committee, therefore, the case was **rejected** with the direction to B.O. to initiate legal action for recovery as per norms.

Aggrieved with the decision of Spl. HOLC, the party has filed appeal for SLC. The CMD condoned the delay for filing appeal before SLC.

The case was placed before SLC in its meeting held on 12.03.09. Since nobody turned up, consideration of the case deferred.

After detailed discussions and considering all the facts and position of the case, the SLC in its meeting held on 20.3.09 decided that party should first deposit Rs. 4.80 Lac within a period of 15 days, in compliance of the orders of Hon,ble High court passed on 19.05.08 thereafter the case be placed before SLC for consideration.

7) **M/s. Marudhar Industries, Sirohi (FR Case)**

Smt Manisha Jain, Proprietor of the unit and Shri S.P.Jain, Uncle of the proprietor appeared before the committee.

The case of concern was placed before Special HOLC in its meeting held on 04.03.09. Decision taken by the committee is reproduced below :

“Smt Manisha Jain, Proprietor and Shri Poonam Chand Yati, Brother of the Proprietor appeared before the committee.

A term loan of Rs.10.00 lac was sanctioned to the concern on 07.11.2000 for the purpose of manufacturing mineral powder, out of which Rs.9.39 lac were disbursed upto 13.12.2001.

A sum of Rs. 23.56 lac (principal sum Rs.9.39 lac, interest Rs. 14.14 lac and other money Rs.0.03 lac) was outstanding as on 01.12.2008. MRV of financed assets and collateral security is reported to Rs.11.79 lac and Rs.4.59 lac respectively. Shri Ashok Kumar Jain furnished personal guarantee for security of the loan amount but details of the property were not made available. Networth of third party guarantee is reported to Rs.0.90 lac. The category of loan A/c as on 31.3.04 is sub standard and on 31.3.05 is doubtful.

This is a case of Mineral powder unit. Party got his case registered for OTS by depositing registration fees of Rs.2000 on 11.3.05 and upfront amount of Rs.228750/- on 29.3.05 at Sub Office Sirohi. DGM(R) Jodhpur sent the OTS proposal to HO vide letter dated 28.11.05.

The OTS proposal sent by the RO, Jodhpur was examined at the Hqrs. It was observed that this case falls within the purview of restricted clause of the OTS scheme issued vide FR circular No.313 dated 6.9.04 as the last disbursement was made on 13.12.01.

Considering the provisions of Restrictive clause of OTS scheme as above, it was decided on 13.12.05 that this case may not be registered for settlement of account.

The Incharge, Sub Office, Sirohi sent communication to the party that her case has not been found eligible for registration under prevailing OTS scheme and she is advised to make the payment of Corporation dues immediately failing which the Corporation has left with no alternative except to initiate legal action for recovery.

The party did not deposit the amount, as such legal notice u/s 30 of the SFCs Act, 1951 was issued on 8.3.06 calling back the entire loan outstanding. Aggrieved with the legal action, party filed SB civil Writ Petition No. 2876 /2006 in the Hon'ble High court at Jodhpur. The case was decided against the Corporation. The operative part of the decision pronounced by the Hon'ble High Court on 28.04.08 is reproduced below:

“The reasons supplied by the learned counsel for the respondents at the time of arguments by way of circular No. 370 dated 30.11.05 cannot be applied to the case of the petitioner since it would amount to putting a condition in the case of the petitioner with retrospective effect, which cannot be done. When the respondent – RFC accepted the upfront amount on 29.3.05 from the petitioner, it bound itself in law to consider the case of the petitioner under OTS scheme then prevailing. Any adverse condition subsequently imposed by the RFC cannot be a ground for

rejecting the case of the petitioner. Accordingly, this writ petition is allowed and the respondent RFC is directed to consider the case of the petitioner under the OTS Scheme as it existed on 29.3.05 without the condition of circular dated 30.11.05 being made hurdle in the way of the petitioner. Such decision should be taken by the respondent RFC after giving an opportunity of hearing to the petitioner within a period of three months from today. If the petitioner is aggrieved by the decision of the respondent RFC in this regard, he will be free to approach this Court by way of a fresh writ petition.:

RFC against the decision of Single Bench filed DB Civil Special appeal (W) No. 688/08 in the Hon'ble High Court. The decision pronounced by the Hon'ble High Court on 26.11.08 is reproduced below:

“By the order impugned, the writ application was disposed with the direction to respondent RFC to consider the case of the writ petitioner under OTS Scheme, as existed on 29.3.05 without the condition of circular dated 30.11.05. Such decision was to be rendered after giving an opportunity of hearing to the petitioner within a period of three months from the date of the order.

In view of the directions issued by this court, the appellant RFC was required to reconsider the matter under OTS Scheme, as directed. But, in no manner, this appeal could have been filed when no positive direction was issued by this court allowing OTS to the writ petitioner.

For the reasons stated aforesaid, therefore, we find no merit in this appeal, this appeal accordingly is dismissed.”

Though, this case is not eligible for registration for OTS under the scheme issued vide FR circular No.313 dated 06.09.04 for the year 2004-05, the Sub Office Sirohi registered this case for OTS in light of decision pronounced by the Hon'ble High Court on 26.11.08 in DB Civil Specialappeal (W) No. 688/08. No further registration fees and upfront amount has been obtained by the SO Sirohi while registering the case for OTS.

After detailed discussions and considering all the facts and position of the case and the decision of Hon'ble High Court dated 26.11.2008, the committee decided to settle the account in a consideration of Rs.16.29 lac less upfront amount of Rs. 2.29 lac (rounded off) i.e. at the net payable settlement amount of Rs. 14.00 lac. The party made request to allow her 15 days time for giving the consent on the offer given by the committee. The committee considered the request of the party. The committee also decided that in case no consent is received from the party within a period of 15 days, the case may be treated as **rejected.**”

The proprietor of the unit submitted a letter dated 16.03.09 addressed to CMD whereby she informed that she is not agreeable to the decision taken by Special HOLC in its meeting held on 04.03.09. She made request that she may be allowed to prefer an appeal to SLC. She also deposited Rs.

5000/- as registration fees and Rs. 141500/- as upfront amount on 17.03.09 for placing her case to SLC.

After detailed discussions with the representative and considering all the facts and position of the case, the SLC decided **to settle** the account in a consideration of Rs.12.00 lac less Rs.1.00 lac deposited in the Financial Year 2006-07 less upfront amount of Rs.3.70 lac (Rs.2.29 lac deposited for Spl. HOLC and Rs.1.41 lac deposited for SLC) i.e net payable settlement amount of Rs.7.30 lac which shall be paid by the loanee in the month of March, 09.

The representative of the unit 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) The party shall withdraw the Court case, if any.
- 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 15<sup>th</sup> 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 of the 88<sup>th</sup> meeting of SLC held on 14.5.2009 at 11.30 A.M under the Chairmanship of Shri A.K.Garg, IAS, CMD.

Following were present :

Shri Kamal Mehta Director,	: Member
Shri Pawan Arora, Executive Director	: Member
Shri Suresh Singhal FA/GM(A/c)	: Member
Shri Rajendra Vijay, GM(D)	: Member Secretary

Shri L.K. Ajmera, DGM(DDW), Shri A.P. Mathur, DGM(FR-1), Shri M..R. Chhinwal, DGM(ARRC), Shri H.C. Khunteta, Manager (DDW), 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. Confirmation of the minutes of SLC meeting held on 20.03.2009.**

Minutes were confirmed.

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

**1. M/s Chitra Synthetics Pvt. Ltd., Bhilwara (ARRC Case):**

Shri Ashok Poswalia, director of the company appeared before the committee.

The case was placed before the committee as a grievance case looking to the request of promoter i.e.

A. Interest be calculated without charging penal interest but with quarterly compounding basis.

B. To waive possession period interest.

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."*



In compliance of High Court directions the case was placed before SLC held on 21.11.08. 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.

The party filed a writ petition before Hon'ble High Court, Jaipur against the decision of SLC dated 21.11.08. Hon'ble High Court, Jaipur passed order on 18.2.09 as under:

*"Meanwhile, auction of disputed property of the petitioner shall remain stayed, provided Rs. 8.00 lac is deposited within two weeks with the respondent - Rajasthan Financial Corporation, subject to the decision of this petition. It is made clear that this amount shall not be adjusted towards interest."*

The party has deposited Rs. 8.00 lac on 27.2.09 at Branch Office, Bhilwara. In compliance of Hon'ble High Court order the Branch Office has credited this amount in the principal segment.

Keeping in view the principal outstanding of Rs. 8.34 lac and other money expenses of Rs. 1.35 lac the committee offered to settle the account on further payment of Rs. 10.00 lac but the party did not agree therefore no settlement could be reached. The committee decided that High Court may be requested to kindly vacate the stay in view of the MRV of assets of Rs. 42.91 lac and balance outstanding including simple interest for possession period of Rs. 26.90 lac as on 01.3.09.

## **2. M/s Churu Fertilizers, Churu (FR Case)**

"Shri Vijay Singh Shekhawat, representative of the unit appeared before the committee.

A sum of Rs. 33.92 lac was outstanding as on 01.03.2009, (principal sum Rs.1.73 lac, interest Rs. 32.11 lac and other money Rs.0.08 lac). MRV of financed assets is reported to Rs.6.14 lac. No third party guarantee or collateral security is available. Category of loan account is doubtful as on 31.3.05.

The case was mutually sold on 25.7.86 for a sum of Rs.1,07,776/- (deferred payment was of Rs.0.81 lac) & further loan of Rs.1,44,000/- was sanctioned on 25.10.86 out of which Rs.0.92 lac was disbursed upto 7.3.89 for establishing a unit of bone crushing.

On account of Government dues, the unit was seized by the Tehsildar on 13.7.89. As per decision of High Court, possession to the loanee handed over on 13.8.08. Now there is no litigation.

The unit is situated 5-6 kms far from Churu City on National Highway No.65. There is no any other industry in the area; hence, potential for disposal of the unit u/s 29/30 is poor.

The party has not deposited any amount since beginning except upfront and initial amount for last 20 years.

The case was placed before Spl. HOLC on 25.9.08,

No settlement could be reached even after lengthy discussions, the case was therefore **rejected** with the advise to Branch Manager to take immediate action u/s 29 / 30 of SFCs Act, 1951 as per the norms.

The party had further shown inclination for settlement and requested for condonation of delay and permission for filing appeal before SLC. The delay was condoned by the competent authority.

The party has deposited registration fee & upfront fee as prescribed in the settlement scheme.

The case was earlier placed before SLC in its meeting held on 20.3.09. Since no settlement could be reached, the case was deferred with the advise to place it in the next meeting.

The committee noted that as per the recent decision taken in the meeting of Board of Directors on 8.12.08, if a unit is taken in possession and handed over back to the original promoter then interest on simple basis (without compounding and without penal) alongwith other money is to be charged from the party. In this case the amount arrived at on simple interest plus other money since beginning comes to Rs. 6.76 lacs as on 1.3.09. However, the unit was taken in possession by Revenue Department for recovery of their dues on 13.7.89 and was handed over back to the party on 13.8.08. Amount on the basis of simple interest plus other money for this period comes to Rs. 6.36 lacs approximately. Moreover, the MRV of the assets also reported to Rs. 6.14 lacs, therefore, after detailed discussions with the representative of the unit and considering all the facts and position of the case, the committee offered to settle the account in a consideration of Rs.4.50 lac less upfront amount of Rs.0.50 lac (Rs.0.30 lac deposited for SLC on 19.1.09 and Rs.0.20 lac for Spl.HOLC on 28.7.08) i.e at a net payable settlement amount of Rs.4.00 lac which shall be paid in 3 equal monthly instalments commencing from June,09.

No interest shall be charged upto 30.6.09 and thereafter w.e.f. 1.7.09 interest @ 13% p.a. shall be charged on simple basis on the unpaid settlement amount.

The representative consented to the settlement.

3. **M/s Choudhary Steel Udyog, Sikar (FR Case):**

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

4. **M/s Maha Mining Corporation, Rajsamand (FR Case):**

Nobody turn up, however, a letter from the loanee received through fax requesting to allow another time, as he was unable to attend the meeting due to illness, therefore considering the request of the party, the case was deferred.

5. **M/s Nirmal Stone Industries, Kota (DDW Case)**

Shri Kamal Jain, son of the proprietor appeared before the committee.

It is a deficit-decreetal case. Decree was awarded by the Hon'ble Court for Rs.562575/- on 10.1.2001. Decree execution application filed on 28.05.03. The mortgagor guarantor filed case in High Court against decree and as per High Court Order dated 25.11.08 the mortgagor guarantor shall submit detail of property of deceased loanee.

After decree execution application filed on 28.05.03 property of mortgager guarantor and deceased loanee has been attached by ADJ Court, Ramganj Mandi and auction has been fixed for 19/20 March, 2009 but with-held due to registration for settlement. The present value of collateral security is Rs.7.10 lac and present value of third party guarantee is Rs.6.90 lac. The party's proposal is to settle the account at principal sum + OM.

The case was placed before the Spl.HOLC in its meeting held on 26.3.09 and following decision was taken:

"Shri Ghanshyam Singh Ranawat, Husband of proprietor of the unit appeared before the committee.

Shri Kamal Jain, son of deceased proprietor of the unit appeared before the committee.

It is a deficit-decreetal case. A loan of Rs.6.49 lac was sanctioned on 7.12.92 out of which a sum of Rs.5.38 lac was disbursed upto 9.3.93 for Kota stone cutting & polishing unit.

On default in repayment of Corporation dues, the assets of the unit were taken into possession on 30.1.97 and sold on 3.6.98 in a consideration of Rs.4.21 lac. After appropriation of sale proceeds, deficit as on date of sale works out at Rs.5,62,575/- (principal Rs.443770/-, Interest Rs.118805/-). For recovery of deficit amount a decree was awarded by the Hon'ble Court for Rs.562575/- on 10.1.2001. The mortgagor guarantor filed case in High Court against decree and as per High Court Order dated 25.11.08 the mortgagor guarantor shall submit detail of property of deceased loanee.

Decree execution application filed on 28.05.03 and property of mortgager guarantor and deceased loanee has been attached by ADJ Court, Ramganj

Mandi and auction has been fixed for 19/20 March, 2009. The present value of collateral security is Rs.7.10 lac and present value of third party guarantee is Rs.6.90 lac. The party's proposal is to settle the account at principal sum + OM.

After detailed discussions and considering all the facts of the case, the committee offered to settle the account in a consideration of Rs.9.58 lac less upfront Rs.0.58 lac deposited on 9.3.09 net payable settlement amount Rs.9.00 lac and 7 days time was granted to the party for giving consent, else recovery action to be continued as per norms."

The party did not agree with the decision. Thereafter requested by the party to place their case before forthcoming SLC and registered the case on 30.3.09 by depositing Rs.5000/- and Rs.57000/- towards registration and upfront amount.

After detailed discussions and considering all the facts and position of the case, the committee offered to settle the account in a consideration of Rs.6.73 lac less upfront Rs.1.15 lac deposited (Rs.0.58 lac on 9.3.09 and Rs.0.57 lac on 30.3.09) i.e. net payable settlement amount Rs.5.58 lac payable in 5 equal monthly instalments commencing from June, 2009 to Oct., 2009.

No interest would be charged upto 30.6.09 and thereafter w.e.f. 1.7.09 interest @ 13% p.a. on simple basis shall be charged on unpaid amount of settlement.

The party consented to the settlement.

#### 6. **M/s Khem Singh, Makrana (DDW Case)**

Shri Sampat Raj, relative and Shri Nanda Ram, son of the proprietor appeared before the committee.

It is a deficit transport case and appeal case against Spl. HOLC decision dated 01.09.08. RoD sent on 19.09.06, legal notice u/s 30 issued on 31.01.08. The case was placed before the Spl. HOLC in its meeting held on 01.09.08 and following decision was taken:

Shri Khem Singh son of loanee Shri Bhagu Ram, appeared before the committee.

It is deficit transport loan case. An amount of Rs.2.73 lac was sanctioned on 05.08.89 with seed capital loan of Rs.54,700/- Term loan of Rs.2,57,500 was disbursed on 8.3.90 and seed capital Rs.52,200/- on 20.2.90.

A sum of Rs. 5.19 lac lac was outstanding as on 1.3.08 (principal sum Rs.2.82 lac, interest Rs.2.29 lac and other money 0.08 lac). The financed vehicle has already been sold and the MRV of collateral securities have been assessed at Rs.12.25 lac on 18.3.08.

ROD sent on 19.9.06. Legal notice u/s 30 also issued on 31.1.08.

After detailed discussions and considering all the facts and position of the case, the committee decided to settle the account in a consideration of Rs. 5.45 lac **less** upfront amount Rs. 0.33 lac (rounded off), i.e. at the net payable settlement amount of Rs. 5.12 lac, which shall be paid in six equal monthly instalments commencing from September, 2008.

No interest would be charged upto 30.9.2008 and thereafter w.e.f. 1.10.2008 interest @ 13% p.a. on simple basis shall be charged on the unpaid amount of settlement.

The representative of the loanee verbally **consented** to the settlement but has not given in writing. The Branch Office is advised to take consent from the party in writing within 15 days, if party does not give his consent, then the case will be treated as **rejected** and Branch Office to take effective steps for recovery of Corporation dues.

The concern has not paid any amount after settlement and also not given written consent of the settlement. The loanee has submitted an appeal against the decision of Spl. HOLC that too after passing of about 4 months time whereas, as per policy FR-516 appeal against the decision of Spl. HOLC can be made within 30 days of date of conveying decision. But in this case, since the BM has accepted the registration fee of Rs.5000/- and upfront amount of Rs.35000/- for appeal the competent authority has condoned the delay in filing the appeal.

After detailed discussions and considering all the facts and position of the case, the committee offered to settle the account at Rs.5.18 lac less upfront Rs.0.68 lac (rounded off) deposited (Rs.33500/- on 22.2.08 and Rs.35000/- on 28.1.09) i.e. net payable settlement amount at Rs.4.50 lac in six equal monthly instalments commencing from June to Nov.,09.

No interest would be charged upto 30.6.09 and thereafter w.e.f. 1.7.09 interest @ 13% p.a. on simple basis shall be charged on unpaid amount of settlement.

The party consented to the settlement.

**7. M/s Satyog Marble Product & Suppliers, Sikar (ARRC Case)**

Shri Satyadev Chauhan, partner appeared before the committee.

The case was placed before Spl. HOLC in its meeting held on 30.1.08. The committee offered to settle in the net payable settlement amount of Rs.25.00 lac (Rs.28.91 lac minus upfront amount of Rs.3.91 lac), but the same was not accepted by the partner therefore case was rejected by the committee.

In the auction held on 19.3.09 offer of Rs. 4.01 lac was received on cash down basis. Meanwhile promoter approached CMD to cancel the sale as they wanted to make an appeal to SLC for OTS. Request of the party was considered and competent authority condoned delay in making appeal to SLC. The party made an appeal for SLC on 31.3.09.

A loan of Rs.13.50 lac was sanctioned on 24.8.98 out of which Rs.13.025 lac was disbursed upto 3.8.99.

Due to non payment of Corporation dues, possession of the unit was taken over on 7.11.08. A sum of Rs. 55.89 lac was outstanding as on 31.3.09 (principal sum 13.01 lac, interest Rs. 42.69 lac and other money Rs.0.19 lac). MRV of mining lease, mortgaged as collateral security, was Rs.5.00 lac as on 26.12.08. No third party guarantee is available in the case. Category of loan account is doubtful as on 31.3.05.

After detailed discussions with the representative and considering all the facts and position of the case, the SLC decided **to settle** the account in a consideration of Rs.27.00 lac less upfront amount of Rs.4.91 lac (Rs. 3.91 lac deposited for Spl HOLC and Rs.1.00 lac for SLC) i.e at a net payable settlement amount of Rs. 22.09 lac which shall be paid by the loanee in 12 equal instalments.

No interest shall be charged upto 30.6.09 and thereafter interest @ 13% p.a. shall be charged on simple basis on the unpaid settlement amount.

The partner consented to the settlement.

8. **M/s TPL Industries Ltd., Bhilwara (ARRC Case)**

Shri V.S. Tiwari, Director appeared before the committee.

The case was placed before Spl. HOLC in its meeting held on 24.4.09. The committee offered to settle the account by waiving penal interest charged

since beginning in the account i.e. Rs. 3.20 lac, thereby the company was offered to settle the account in a consideration of Rs. 123.11 lac less upfront amount of Rs 9.00 lac i.e. net payable settlement amount Rs. 114.11 lac. The party did not agree to the offer given by the committee hence the case was rejected

The party made an appeal against the decision of Special HOLC.

It is a joint financed case with IDBI & IFCI. The company has availed benefit of Roll Over Scheme of the Corporation on 31.3.04.

Account was rescheduled vide HO letter dated 27.5.05 & LDR was extended for one year.

The company is registered with BIFR vide reference no. 49/2006 (31.05.2006). In the BIFR hearing held on 27.4.09, the company was declared sick and IDBI was appointed Operating Agency (OA) to prepare Draft Rehabilitation Scheme.

A loan of Rs. 100.00 lac was sanctioned on 7.3.01 and complete sanctioned loan was disbursed upto 10.3.03.

The loan account of the unit was categorized as Standard as on 31.3.05. The case has been registered for OTS on 30.3.09 after due relaxation granted by the competent authority regarding categorization of loan account and last date of disbursement keeping in view that the company's reference is pending before BIFR since May, 2006.

A sum of Rs.126.31 lac was outstanding as on 1.3.09 (principal sum Rs. 84.16 lac, interest Rs.42.14 lac and other money Rs.0.01 lac). MRV of financed assets is Rs. 339.00 lac.

It is a joint finance case with IDBI, IFCI & RFC. SBBJ has provided working capital facilities to the company. Outstanding dues of other financial institutions are as under:

(Rs. in lacs)

IDBI : 434.87 (letter dated 4.4.06)  
 IFCI : 102.86 (letter dated 8.6.07)  
 SBBJ : 314.12 (letter dated 23.4.09)

In view of MRV of Rs. 339.00 lacs. If the unit is sold, the position of participating financial institutions comes as below:-

Name of Institution	Prin. sum	Interest	Total	Share	Rs. In lacs
					Unit share
IDBI (31.3.06)	434.87	0	434.87	65.49 %	222.01
IFCI (31.3.07)	81.60	21.26	102.86	15.49 %	52.51
RFC (1.3.09)	84.16	42.15	126.31	19.02 %	64.48
Total	600.63	63.41	664.04		339.00

The committee also noted that Promoter Director Smt. Sushila Devi owned a house at A-165, Shastri Nagar, Bhilwara earlier but the same is reported to have been gifted few months back to her daughter. At the time of sanction of loan by RFC in the year 2000-01, the house of Shastri Nagar was valued at Rs. 40.00 lac (approx.) and now the BO has reported DLC value of Rs. 57.53 lac only.

The committee noted that :

A. The company has settled its dues of IFCI & IDBI under OTS. IFCI proposed to settle their dues on payment of Rs. 60.00 lac against principal sum outstanding of Rs. 81.60 lac and interest Rs. 21.26 lac as on 31.3.07. The company shall also buy back 2.50 lac shares of M/s TPL Industries Ltd. from IFCI in a consideration of Rs. 25.00 lac original share price. Such pegging of rates at the original share price itself would amount to loss of money to IFCI.

B. IDBI proposed to settle its dues in a consideration of Rs. 222.00 lac against principal sum outstanding Rs. 434.87 lac. The company has made payment of Rs. 100.00 lac to IDBI and Rs. 30.00 lac to IFCI against OTS.

C. The company originally proposed to settle loan account of RFC for a sum of Rs. 40.00 lac but then ultimately came around to Rs. 60.00 lacs.

D. The position of outstanding balance and settlement with IDBI, IFCI & RFC (participating financial institutions) are given below:

(Rs. In lacs)

Name of Institution	Prin. sum	Interest	Total	Settlement amount	Settlement in % of O/s
IDBI (31.3.06)	434.87	0	434.87	222.00	51.05%
IFCI (31.3.07)	81.60	21.26	102.86	60+25=85	82.63%
RFC (1.3.09)	84.16	42.15	126.31	60.00 proposed to pay to RFC	47.50%

E. The position of account of IDBI shows interest as zero as on 31.3.06, which does not seem to be correct. It can be assumed that looking to BIFR case it should be substantial but it might be waived off and removed from the books. By this way the sacrifice of IDBI seems substantial.

F. The committee noted that being a case registered with BIFR no recovery action can be initiated against the company except under SARFAESI Act, 02. However, for recovery action under SARFAESI Act, 02 consent from 3/4 of secured creditors may not be possible. Since company's account with SBBJ is of standard category. The SBBJ is having its major stake in comparison to RFC. Principal of SBBJ is Rs. 314.12 lacs, whereas of RFC is only Rs.84.16 lacs. Thus SBBJ is having 79 % share [after payment of OTS of IDBI and IFCI].

G. As per terms and condition of OTS of IDBI, the documents in respect of security created by the company in favour of IDBI Bank Ltd. would be handed over to the assignee only after receipt of NOC from the other chargeholders.

H. As per terms & conditions of IFCI Ltd. if any other lenders/s are offered improved terms of settlement, IFCI shall have the right to seek similar terms of settlement, meaning thereby the other lender/s are to keep the way of settlement in their mind while settling their accounts.

I. Shri V.S. Tiwari, Director, submitted to the committee that IDBI has proposed to assign its debt in respect of M/s TPL Industries Ltd., in favour of M/s Dadhimati Syntex Pvt. Ltd. with the condition that "*the documents in respect of the security credited by the company in favour of IDBI Bank Ltd. would be handed over to the assignee only after receipt of NOC from the other charge holders*". Shri Tiwari, Director offered to settle dues of Corporation by making payment of Rs. 60.00 lac.



After detailed discussions and considering all the facts of the case, committee decided that the case may be placed before the meeting of Board of Directors alongwith offer of Shri V.S. Tiwari, Director of Rs. 60.00 lac for taking appropriate decision regarding one time settlement of Corporation' dues.

**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) The party, if any, shall withdraw Court case.
- 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 15<sup>th</sup> 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 of the 89<sup>th</sup> meeting of SLC held on 22.06.2009 at 11.00 A.M under the Chairmanship of Shri A.K.Garg, IAS, CMD.

Following were present :

Shri Kamal Mehta Director,	: Member
Shri Pawan Arora, Executive Director	: Member
Shri Suresh Singhal FA/GM(A/c)	: Member
Shri L.K. Ajmera, DGM(DDW)	: Member Secretary

Shri R.P.Meena, DGM(FR-1), Shri A.P. Mathur, DGM(FR-2), Shri J.N.Sharma, Manager (FR-1), Shri Dinesh Mohan, Manager (FR-2) and Shri Naveen Ajmera, DM(FR) were also present.

**I. Confirmation of the minutes of SLC meeting held on 14.05.2009.**

Minutes were confirmed.

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

**1. M/s Maha Mining Corporation, Rajsamand (FR case):**

Nobody turned up therefore consideration of the case was deferred.

**2. M/s Choudhary Steel Udyog, Sikar (FR Case):**

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

**3. M/s Rajat Iron Pvt. Ltd., Pali**

Shri Ashok Raj Mehta, Director and Shri Hridesh Ramawat, relative of another director appeared before the committee.

This case was earlier placed before Special HOLC in its meeting held on 04.03.09. Decision taken by the committee is reproduced below:

“Shri Ashok Raj Mehta, Director and Shri Hridesh Ramawat, relative of the director appeared before the committee.

This case was earlier placed before Spl HOLC in its meeting held on 31.12.08. Since nobody turned-up, consideration of the case was deferred.

A term loan of Rs.59.00 lac was sanctioned to the concern on 30.12.97 for the purpose of setting up a unit of MS Steel Rolling mill, out of which Rs.54.60 lac were disbursed upto 21.3.2000.

A sum of Rs. 283.27 lac (principal sum Rs.54.60 lac, interest Rs. 198.62 lac and other money Rs.0.05 lac) was outstanding as on 01.12.2008. MRV of financed assets reported to Rs.53.81 lac. Neither collateral security nor third party guarantee is available. The category of loan A/c is doubtful on 31.3.05.

After detailed discussions and considering all the facts and position of the case, the committee decided to settle the account by considering waiver of penal interest to the tune of Rs.30.55 lac but the party did not agree to the offer given by the committee hence the case was rejected.”

Aggrieved by the decision of Spl HOLC party has preferred an appeal to SLC.

As per details available in the networth statement of the directors, the director Shri Ashok Raj Mehta and Shri Ravindra Raj Mehta are the real brothers and they are having their paternal property (residential house) at Mohalla Lakhara Ka Baas, Jaitaran. Shri Ashok Raj Mehta are four brothers and his father is holding 50% share in this property and rest 50% share belongs to his uncle who has two sons. The father and uncle of Shri Ashok Raj Mehta have passed away and mother of Shri Ashok Raj Mehta and his aunty are alive. Shri Ashok Raj Mehta and Shri Ravindra Raj Mehta are therefore holding 1/8<sup>th</sup> share each in this property. The approximate worth of the property is reported to be around Rs.75-80 lac.

Shri Ashok Raj Mehta director in the company is also holding 35% share in one lime manufacturing unit viz. Nutan Chemical Works, Jaitaran.

Shri Rajneesh Ramawat, another director of the company has shown in his networth statement that he has a land measuring 600 sq.ft. at Thakrawas, Tehsil Jaitaran, Pali. Way back in the year 1983, he had availed a term loan of Rs.1.43 lac from RFC in the name and style of. M/s Sanjeevani Cement Works, Jaitaran. Loan was repaid in the year 1997. The unit is reported to be closed for the last ten years. The approximate MRV of the property of the unit is reported to not more than Rs.3 – 4 lac.

The unit was set up for manufacturing M S rolling based on raw material of old ships and subsequently the technology became obsolete owing to which such type of units have been closed. The unit is located at isolated area at village Tejpur, Tehsil Jaitaran, District Pali on a converted land having total MRV of Rs.53.81 lac and due to the location of the unit, the disposal of fixed assets of the unit is also difficult. Moreover, the directors are having joint properties which may also not be marketable due to non demarcation of the properties in the name of directors.

After detailed discussions and keeping in view the facts and position of the case, the committee offered to settle the account in a consideration of Rs.54.72 lac less upfront Rs.19.12 lac (Rs.10.92 lac deposited for Spl HOLC on 10.10.08 and Rs. 8.20 lac deposited for SLC on 26.03.09) i.e. net payable settlement amount Rs.35.60 lac payable in one month failing which settlement shall stand cancelled. No interest would be charged during this period.

The director of the unit consented to the settlement.

#### 4. **M/s Structural Fabricator, Alwar**

Shri Harish Bansal, promoter of the unit appeared before the committee.

A term loan of Rs. 5.00 lac was sanctioned to the concern for setting up a unit of marble cutting (marble tiles) on 31.1.90, out of which the concern has availed Rs.4.49 lac upto 26.2.91. The concern has also purchased P&M of M/s Granite Rajasthan for a deferred payment of Rs.0.60 lac on 9.4.90 from the Corporation. The machineries so purchased are related to Granite edge cutting, polishing and slicing.

This case was placed before HOLC in the meeting held on 17.02.06. Decision taken by the committee is reproduced below:

*“Shri Harish Bansal, promoter of the unit appeared before the committee. It was noticed that Shri Harish Bansal is having another sister unit in which surplus amount might be there as unit was sold by the Corporation. This issue needs to be seen by the Branch Office and report to Head Office. After detailed discussions and considering all the facts and position of the case, the committee offered to waive penal interest charged in the account but the promoter of the unit did not agree to the offer given by the committee, hence the case was rejected.”*

MRV of the primary security is Rs.27.55 lac (land Rs.23.59 lac, Building Rs.3.66 lac, P&M Rs.0.30 lac).

No collateral security nor third party guarantee is available.

MRV of other properties of the promoter is not less than Rs.40.00 lac i.e. house No.3/2 Aravali Vihar, Housing Board, Alwar.

M/s Bansal Pipes Pvt. Ltd. in which Shri Harish Bansal was the promoter / director, was a financed unit by RFC. The unit was taken into possession and sold on 29.3.85 for a consideration of Rs.61.00 lac on deferred payment to M/s Shree Shankar Steels Pvt. Ltd. M/s Bansal Pipes Pvt. Ltd. was sold in surplus of Rs.18.05 lac. Since the deferred payment was not repaid by M/s Shree Shankar Steels Pvt. Ltd., therefore the surplus amount could not be refunded to Shri Harish Bansal. M/s Shree Shankar Steels Pvt. Ltd. was also taken into possession and sold by Official Liquidator for a consideration of Rs.277.00 lac in the year 2007. Out of the sale consideration Rs.179.66 lac has been received from official liquidator

on 31.3.09. As per affidavit dated 20.11.07 by the Corporation submitted in the Hon'ble Mumbai High Court, the total amount upto 13.10.07 in the loan account of M/s Shankar Steels Pvt. Ltd. was reported Rs.299.80 lac plus future interest @ 13% p.a. with liquidated damage @ 3.25%. In the case of M/s Bansal Pipes Pvt. Ltd., the competent authority has decided on 20.1.09 to refund 10% of balance outstanding (out of surplus) plus interest from the date of execution of documents of sale. Accordingly, the Branch Office, Alwar has refunded 10% of the outstanding amount with interest @ 10% p.a. from the date of execution of sale deed i.e. Rs.14.56 lac.

The concern registered the case under OTS scheme for Spl. HOLC and the proposal was placed in the Spl. HOLC in its meeting held on 4.3.09. The decision taken by the committee is reproduced below:

“Shri Harish Bansal, Proprietor of the unit appeared before the committee.

A sum of Rs. 42.72 lac (principal sum Rs.5.09 lac and interest Rs.37.63 lac) was outstanding as on 01.12.2008.

After detailed discussions and considering all the facts and position of the case, the committee decided to waive balance penal interest of Rs.4.18 lac and offered to settle the account in a consideration of Rs. 38.54 lac less upfront amount of Rs.0.77 lac (rounded off) i.e. at the net payable settlement amount of Rs.37.77lac but the proprietor of the unit did not accept the offer hence the case was **rejected** with the advice to Branch Office to initiate immediate suitable action for recovery as per the norms.

Aggrieved by the decision of Spl HOLC party has preferred an appeal to SLC.

After detailed discussions and considering all the facts and position of the case, the committee offered to settle the account in a consideration of Rs.32.77 Lac less upfront Rs.0.77 lac i.e. net payable settlement amount Rs.32.00 lac payable in six equal monthly installments commencing from June,2009.

No interest would be charged upto 31.07.09 and thereafter w.e.f. 1.8.09 interest @ 13% p.a. on simple basis shall be charged on unpaid amount of settlement.

The party consented to the settlement.

5. **M/s Mangala Kilan Works, Jhunjhunu (FR case)**

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

6. **M/s NLP Organics Pvt. Ltd., Alwar**

Shri Anil Bahel, director and his son Shri Saurabh Bahel appeared before the committee.

The case was discussed at length. The director of the unit informed to the committee that the company has enormous liabilities of dues of Government departments like Sales Tax, Excise, Electricity Board, PF, etc. which he has to pay. The committee advised him to submit details of outstanding from all these respective departments within a week's time. The committee decided that this case be put up again with the position of liability of dues of Government Departments on 30.06.09 at 11.00 am. Till then the 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) The party, if any, shall withdraw Court case.
- 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 15<sup>th</sup> 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.

**MEMBER SECRETARY**

**RAJASTHAN FINANCIAL CORPORATION  
(FR Division)**

Minutes of the 90<sup>th</sup> meeting of SLC held on 30.06.2009 at 11.00 A.M under the Chairmanship of Shri A.K.Garg, IAS, CMD.

Following were present :

Shri Kamal Mehta Director,	: Member
Shri Pawan Arora, Executive Director	: Member
Shri Suresh Singhal FA/GM(A/c)	: Member
Shri Rajendra Vijay GM(D)	: Member Secretary

Shri A.P. Mathur, DGM(FR-2), Shri J.N.Sharma, Manager (FR-1), Shri Dinesh Mohan, Manager (FR-2) and Shri P.D.Verma, Manager(FR-3) were also present.

**I. Confirmation of the minutes of SLC meeting held on 22.06.2009.**

Minutes were confirmed.

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

**1. M/s Mangala Kilan Works, Jhunjhunu (FR case):**

Nobody turned up therefore consideration of the case was deferred.

**2. M/s Choudhary Steel Udyog, Sikar (FR Case):**

This is the fifth time when the case was listed and placed before SLC and the party didn't turned up, therefore, it was decided to close the case.

**3. M/s Maha Mining Corporation, Rajsamand**

"Shri Govind Lal Verma, brother of promoter Smt Pushpa Thakur appeared before the committee as a representative of the concern.

Earlier the case was placed before Spl. HOLC on 4.3.09. The decision taken by the committee is reproduced below:

“Shri Govind Lal Verma, Brother of promoter Smt Pushpa Thakur and Shri Surendra Sanadhya, representative appeared before the committee.

A loan of Rs. 4.25 lac was sanctioned on 28.2.94 out of which Rs.3.37 lac was disbursed upto 4.08.94 to the unit for purchase of mining equipments

A sum of Rs. 8.97 lac was outstanding as on 01.12.2008, (principal sum Rs.1.69 lac, interest Rs. 7.27 lac and other money Rs.0.01 lac). Financed assets (P&M) are missing. MRV of collateral security is reported Rs.3 lac. No third party guarantee is available. The category of loan A/c is doubtful on 31.3.05.

This is a case of financing of mining equipment i.e. Tractor compressor on mining lease. Mining lease measuring 10,000 sq. mtrs is not mortgaged with the Corporation. Financed assets (P&M) are missing. Branch Office has initiated legal action u/s 32(G) and sent ROD to District Collector on 27.09.2003.

Collateral security of the property (land and building) situated at Village Pipalantri, District Rajsamand was taken. MRV reported at the time of sanction was Rs. 2.50 lac and present MRV is reported to Rs. 3.00 lac. The Tehsildar vide its letter dated 5.4.08 informed that the guarantor is having house in which four members are residing and guarantor is reported to be mentally sick.

Branch Office processed the case on 18.11.2008 for lodging FIR for the missing P&M. In the meantime, representative of the promoters made request for settlement of account and got the case registered under OTS scheme.

Smt Pushpa Thakur to whom the loan was sanctioned and disbursed is now residing at Mumbai with her husband. The flat where she is living, is in a very good locality but it is in the name of her husband. The husband of the promoter is doing business in main Mumbai.

After detailed discussions and considering all the facts and position of the case, the committee offered to settle the account in a consideration of Rs.5.00 lac but the representatives did not accept the offer, therefore, case was **rejected** with the instructions to Branch Office to take speedy action for recovery of Corporation dues and pursue with Revenue authorities for attachment and auction of the properties. Also the Branch Office should put more efforts for tracing out more properties in the name of loanee. The Branch Office should lodge FIR for the missing P&M immediately.”

The concern filed an appeal for SLC against the decision of Spl. HOLC.

After detailed discussions and considering all the facts and position of the case the committee offered to settle the account in a consideration of Rs.3.00 lac less upfront amount of Rs.0.52 lac (Rs.0.26 lac deposited for Spl. HOLC and Rs.0.26 lac for SLC) i.e. at a net payable amount of Rs.2.48 lac which



shall be paid by the concern in six equal monthly instalments commencing from August, 2009.

No interest would be charged upto 31.07.09 and thereafter w.e.f. 1.8.09 interest @ 13% p.a. on simple basis shall be charged on unpaid settlement amount.

The representative consented to the above settlement.

4. **M/s NLP Organics Pvt. Ltd., Alwar**

OTS proposal of the company was placed in the Spl HOLC in its meeting held on 27.3.08. Minutes of the Spl. HOLC is reproduced below:

“A loan of Rs. 30.90 lac sanctioned on 8.02.87 and further term loan of Rs. 6.40 lac was sanctioned 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, 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. “

2. Possession was taken u/s 29 on the very next day of the Spl.HOLC meeting and after takeover the party turned up and gave his consent on 29.03.08 hence possession was handed over back to them.
3. Since the sacrifice amount was more than Rs.1.00 crore (Rs.419.12 lac – 249.28 lac = 169.84 lac), therefore, case was placed before SLC in its meeting held on 31.5.08 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.

4. Accordingly the promoter was called to attend the SLC meeting on 21.06.08. Decision of the SLC meeting is as under:

“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:-

- (i) Rs. 50.00 lac by 31.08.2008 and
- (ii) remaining amount of settlement of Rs.233.00 lac will be paid in four equal monthly installments commencing from the month of September, 2008 to December, 2008.
- (iii) No interest would be charged upto 31<sup>st</sup> 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.
- (iv) 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 31<sup>st</sup> August, 2008.
- (v) 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.”

5. The company vide its letter dated 3.7.08 has given consent to the decision of SLC meeting for settlement.
6. The Branch Manager vide its letter dated 11.8.08 informed that Advocate Shri Gaur has further opined that the Corporation should not withdraw the suit filed u/s 31(1)(aa) of the SFC Court which is pending in DJ Court. The party approached the DJ Court and filed a Civil Suit alongwith TI application with ADJ which was dismissed by the Hon'ble Court.
7. Branch Manager, Bhiwadi was advised vide letter dated 04.09.08 to take action as per norms for recovery of Corporation dues.
8. The company has filed SB Civil Writ petition 13793/2008 with the Hon'ble High Court against the legal action, setting aside the decision of Spl HOLC and SLC.

9. The decision of the Hon'ble High Court dated 17.12.08 is reproduced as under:

“Heard Learned Counsel for the parties for consideration of the interim relief.

The respondent Rajasthan Financial Corporation is restrained from recovering or taking possession of the property in question from the petitioner in case the petitioner deposits Rs.1 crore (Rupees one crore) within a period of three months from today.

In case the amount of Rs.1 crore is not deposited by the petitioner within three months, then the respondent Rajasthan Financial Corporation will be free to take possession of the property in question.”

10. The company has not deposited the said amount as per the orders of Hon'ble High Court dated 17.12.08 which are required to be deposited by 16.03.09.
11. The company has submitted a request through fax dated 06.03.09 addressed to BM, RFC, Bhiwadi requesting to settle their loan account on principal amount and submitted demand draft amounting to Rs. 6,27,000/- as upfront amount and Rs.4,000/- as registration fee drawn on PNB, RCC, Jaipur which has been submitted in the Sub Office, Delhi.
12. The competent authority on 24.3.09 has decided that the party shall deposit Rs.1.00 crore by 31.3.09 as per the decision of Hon'ble High Court dated 17.12.08 and thereafter action on the request of the party would be taken.
13. Shri Anil Bahl, MD of the unit met CMD and stated that his case may be considered for OTS. He was advised to first deposit Rs.1.00 crore to the Corporation in compliance to the decision of Hon'ble High court. He has stated that he can deposit Rs.1.00 crore only when he is allowed to sell part land which is mortgaged to the Corporation. He would deposit the entire proceeds on sale of part land to the Corporation. If the amount of sale is less than Rs.1.00 crore, he would arrange the balance sum out of his own sources.
14. As per court decision the promoter had to deposit Rs.1.00 crore upto 16.03.09 but he failed to do so. The unit is not eligible for OTS under the prevalent scheme of the Corporation as the case has already been decided by SLC in its meeting on 21.6.08. However, to resolve the grievance of the party, the competent authority on 09.06.09 decided to relax the eligibility criteria and therefore the case is being put up before the SLC as a special case.

The case of above mentioned concern was placed before SLC in its meeting held on 22.06.09. The decision taken by the committee is reproduced below:

*“Shri Anil Bahel, director and his son Shri Saurabh Bahel appeared before the committee.*

*The case was discussed at length. The director of the unit informed to the committee that the company has enormous liabilities of dues of Government departments like Sales Tax, Excise, Electricity*

*Board, PF, etc. which he has to pay. The committee advised him to submit details of outstanding from all these respective departments within a week's time. The committee decided that this case be put up again with the position of liability of dues of Government Departments on 30.06.09 at 11.00 am. Till then the case was deferred."*

The case of the unit was placed before the SLC held on 30.06.2009.

"Shri Anil Bahel, Director and his Son Shri Saurabh Bahel appeared before the Committee.

The case was discussed at length. The dues of the other departments were called from the BM, Bhiwadi. He informed that the dues of JVVNL were Rs. 49,663/- and the dues of Commercial Taxes Department against RST was Rs. 83,978/- and against CST was Rs.6,10,680/-. The break up of the dues as reported by the BM, Bhiwadi is as under:

Year	Order dated	Amount	
		RST	CST
1992-93	27.11.99	72,271/-	-
1992-93	1.7.99	1,890/-	-
1993-94	1.7.99	240/-	-
1997-98	8.9.2000	7,782/-	3,80,317/-
1998-99	16.2.2001	1,788/-	2,30,363/-
Total		83,978/-	6,10,680/-

The Branch Manager, Bhiwadi has further ascertained from the Commercial Taxes Department over phone that interest @ 18% on compounding basis is chargeable on this amount. By this way the amount comes to Rs. 35.00 lac approximately.

The Committee took notice of the decision of the Hon'ble High Court dated 17.12.08 by which the party was to pay Rs. 1.00 crore within a period of three months from the date of the decision. The party had failed to do so.

The Committee further deliberated on the options available with the Corporation for recovery in this case. If option for sale of assets is considered, it has been the experience of the Corporation that most of the units are sold at less than MRV. It is not certain when the unit would be sold. Moreover, deficit left after sale of unit is not likely to be recovered since as per the net worth statement and as stated by the Branch Manager, Bhiwadi, no collateral security and no other property of the Director are available with the Corporation. Therefore, if the discounted value of MRV is considered at 80%, it comes to Rs. 2.06 crores. This value has to be further reduced by 30% as Govt. dues. In this case the dues of JVVNL are Rs. 0.50 lac and the Commercial Taxes Department is Rs. 6.90 lac which after compounded interest comes to Rs. 35.00 lac approximately.

The Committee after considering the facts as also the alternatives available with the Corporation for recovery, offered to settle the account on Rs. 170.00 lac less upfront amount of Rs. 6.28 lac on net payable amount of

Rs.163.72lac. This amount would be paid by the party upto December,2009 in equal installments starting from July,2009. No interest would be charged upto 31<sup>st</sup>July,2009 thereafter interest @ 13% is chargeable. The Committee noted that in case party approaches the Corporation for sale of part assets, the same shall be considered as per the rules of the Corporation. The Committee also decided that the party will withdraw all Court cases against the Corporation.

The party verbally consented for the settlement, however, they would submit written consent within 15 days.

**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) The party, if any, shall withdraw Court case.
- 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 15<sup>th</sup> 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.

**MEMBER SECRETARY**

**RAJASTHAN FINANCIAL CORPORATION  
(FR Division)**

Minutes of the 90<sup>th</sup> meeting of SLC held on 28.07.2009 at 11.30 A.M under the Chairmanship of Shri A.K.Garg, IAS, CMD.

Following were present :

Shri Kamal Mehta Director,	: Member
Shri Pawan Arora, Executive Director	: Member
Shri Suresh Singhal FA/GM(A/c)	: Member
Shri Rajendra Vijay GM(D)	: Member Secretary

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

**I. Confirmation of the minutes of SLC meeting held on 30.06.2009.**

Minutes were confirmed.

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

**1. M/s Mangala Kilan Works, Jhunjhunu (FR case):**

Shri Vinod Kumar Sharma, Proprietor of the unit alongwith Shri Vijay Kumar, friend of the promoter appeared before the committee.

This case was earlier placed before Spl HOLC in its meeting held on 18.03.09. The minutes are reproduced below:

“A term loan of Rs. 2.89 lac was sanctioned to the concern on 19.3.91 for manufacturing of bricks. Out of the loan sanctioned, a sum of Rs.1.61 lac were disbursed upto 14.09.1992.

A sum of Rs. 5.52 lac was outstanding as on 01.03.2009, (principal sum Rs.0.58 lac and interest Rs. 4.94 lac). MRV of financed assets and collateral security is reported to Rs.13.65 lac and Rs.10.99 lac respectively. No third party guarantee is available. Category of loan account is doubtful as on 31.3.05.

The lease of land was granted for five years from 29.12.90. There is no report for extension of lease period as reported by Branch Office.

The case was placed was placed before HOLC in its meeting held on 30.12.00. The committee offered to waive the penal interest but not accepted by the party therefore, the case was rejected.

The case was settled on 28.12.06 by Branch Manager in a consideration of Rs.3,32,153/-after waivment of penal interest of Rs.48,533/- as per FR circular No.397 dated 29.7.2006. As per settlement, the concern was to deposit Rs.1,66,077/- by Jan,07 and remaining settlement amount by Feb,07 but the party did not deposit the settlement amount.

Action was initiated u/s 32(G) on 02.05.02 and ROD was issued on 30.12.05.

Property attached by Revenue officials in August, 2007. However, no recovery has been effected inspite of so many auctions conducted by Revenue authorities on 21.08.07, 27.10.07, 18.03.08, 26.08.08 and 22.10.08. During these auctions no bidder turned up.

The said case was earlier settled on 28.12.06 by Branch Manager as per FR circular No.397 dated 29.7.2006 and therefore, the case comes under restrictive clause 5(C) of the NPA settlement scheme 2008-09. The same was relaxed by the competent authority on 11.2.09 for registering the case afresh for OTS.

After detailed discussions and considering all the facts and position of the case, the committee offered **to settle** the account in a consideration of Rs.5.52 lac plus 0.30 lac (5% ROD charges) less Rs.0.67 lac (penal interest) less upfront amount of Rs. 6,500/- i.e. at the net payable settlement amount of Rs. 5.09 lac. The committee decided that in case the party does not give his consent for the offer given by the committee upto 20.03.09, the case may be treated as rejected with the directions to Branch Office to take necessary action for recovery of Corporation of dues.”

The party did not give its consent for the offer of Spl HOLC but preferred appeal before SLC.

The committee noted that the property so attached by the revenue authority under Rajasthan Land Revenue Act was put to auction five times but no bidder turned up.

After detailed discussions and considering all the facts and position of the case the committee offered to settle the account in a consideration of Rs.2.65lac less upfront amount of Rs.0,15 lac (Rs. 0.06 lac for Spl HOLC and Rs.0.09 lac for SLC) i.e. at a net payable settlement amount of Rs.2.50 lac which shall be paid by the concern in six equal monthly instalments commencing from August, 2009.

No interest would be charged upto 31.08.09 and thereafter w.e.f. 1.9.09 interest @ 13% p.a. on simple basis shall be charged on unpaid settlement amount.

The representative consented to the above settlement.

2. **M/s Movni Extraction Pvt. Ltd., Udaipur (ARRC Case):**

Shri D.P. Agarwal, Managing Director, Shri P.C. Agarwal, Director, and Shri G.S. Agarwal, Director, appeared before the committee.

A loan of Rs. 60.00 lac was sanctioned on 24.6.1991 out of which Rs. 57.00 lac was disbursed upto 9.1.92 to the unit for setting up a solvent extraction plant.

A sum of Rs. 1042.57 lac was outstanding as on 01.3.2009, (principal sum Rs.56.90 lac and interest Rs. 985.40 lac and other money Rs. 0.27 lac). The category of loan A/c is doubtful as on 31.3.05. MRV of the financed assets is Rs.165.35 lac as on 25.5.08 and there is no collateral security or third party guarantee in the case.

It is a joint financed case with RIICO, outstanding dues of RIICO as per their letter dated 16.1.09 are as under:

(Rs. in lac)

Principal sum	:	Rs.	85.00
Interest	:	Rs.	1390.66
Total	:	Rs.	1475.66

The company has approached RIICO also for OTS.

Corporation has initiated recovery action u/s 32-G and agriculture land of Shri D.P. Agarwal and Shri G.S. Agarwal measuring 29.1 Bigha at Village Sanwar, Tehsil: Mavli, Distt: Udaipur has been attached by Revenue Authorities. Branch has reported MRV of agriculture land Rs. 136.00 lac.

Branch has reported following properties owned by Directors / promoters of the company :-

Sl.No.	Particulars	MRV (Rs. In lacs)
1.	Agricultural land 29.1 bigha in name of Shri D.P. Agarwal & Shri G.S. Agarwal at Khasra No. 5395 & 5399 at Sanwar, Tehsil – Mavli, Udaipur.	136.00
2.	Residential house in name of Shri D.P. Agarwal at 2-C, Ward No. 12, Fateh Nagar, Tehsil Mavli, Udaipur.	22.50
3.	Shops (4) at Ward No. 12, Fatehnagar, Tehsil Mavli, Udaipur in name of Shri D.P. Agarwal.	23.00
4.	½ Share in Office at Anantdeep Chamber Road Mumbai – in name of Shri G.S. Agarwal	7.50
5.	Total	189.00



During discussions Directors / promoters offered to settle the account on principal sum i.e. Rs. 56.90 lac.

The committee noted that BIFR issued winding up orders on 22.6.2000. Since unit was not taken into possession, therefore, interest was debited in the loan account. This gives inflated outstanding. Corporation may take a policy decision for such cases.

The committee noted that the unit and agriculture land (29.1 Bigha) of promoter directors which have been attached by Revenue Authorities are in Tehsil Mavli, Udaipur. The borrower contested the tenability of the high MRV attached to the attached agriculture land (29.1 bigha). The committee also felt that looking to the rates of industrial plot and the DLC value of agricultural lands in the area, there indeed seemed some substance in the protest raised by the borrower. The committee, therefore, directed that value of the property attached by Revenue Authorities may be assessed by a team comprising of representative from Head Office. After this exercise the case may first be taken up in the Special HOLC.

### 3. **M/s Oswal Fabrics, Bhilwara**

Shri Sushil Singhvi, Partner, Shri M.L.Singhvi (Father of Partner) and Shri Mahaveer Sharma (Friend of Partner) of the unit appeared before the committee.

It is a deficit case and also an appeal case against the decision of Spl.HOLC dated 4.3.09 by the promoters of the unit. The decision of the Spl.HOLC dt. 4.3.09 is reproduced hereunder:

“Shri Sushil Singhvi & Shri Gautam Chand Jain, Partners appeared before the committee.

It is a deficit case. The party has requested to waive entire penal interest since beginning to date of possession and no further interest be charged on settlement amount. The settlement amount is proposed to be deposited by the party within further six months and also requested to appropriate sale consideration against p.sum. As per policy (FR 516 ) the case can be settled on principal deficit plus other month plus 5% recovery charges as ROD filed. Therefore, the B.O. has forwarded the proposal for consideration of Spl.HOLC.

The competent authority has relaxed the condition of upfront amount to the extent of Rs. 58000/- as the same is adjustable in settlement amount. Five loans were sanctioned to the concern for setting up a unit to manufacture synthetic cloth, details are as below :

(Rs.in lac)						
Loans	I	II	III	IV	V	Total
Amt. Sanctioned	5.61	18.90	20.00	8.80	21.72	75.03
Date	9.3.94	13.12.94	21.3.96	18.12.97	6.4.98	
Amount disb.	4.21	11.69	20.00	8.28	19.32	63.50
Date	9.3.94	8.8.95	11.9.96	11.2.98	6.2.99	
Deficit after appropriation of sale proceeds						

P.sum	-	4.09	12.03	6.07	14.31	36.50
Interest	-	-	-	3.48	13.85	17.33
OM	-	-	-	0.38	-	0.38
Total	-	4.09	12.03	9.92	28.16	54.21

For recovery of Corporation dues, legal action u/s 29 of SFCs Act was taken and the unit was taken over under possession on 6-3-02 and sold out the assets in a total consideration of Rs.39.79 lac on 28-8-03. For recovery of deficit amount, action u/s 32-G was taken and ROD was sent to the Collector, Bhilwara. No collateral security or third party guarantee is available.

After detailed discussions and considering all the facts and position of the case, the committee offered to settle the a/c in a consideration of Rs.38.78 lac less upfront amount of Rs.2.96 lac i.e. at the net payable settlement amount of Rs.35.82 lac.

The representative of the concern did not consent to the settlement, hence the case was **rejected** with the directions to the BO to take necessary action for recovery of Corporation dues.”

Aggrieved with the decision of Spl. HOLC, the party has made appeal for SLC. Hon'ble CMD has allowed the party to appeal before SLC at 50% of upfront amount alongwith registration fee of Rs.5000/-.

The party vide his letter dated 24.03.09 requested that the sale proceeds received on sale of assets of the unit be first adjusted against working capital term loan {as per condition no.12 of sanction letter stipulated as per PG/LAS-71(B)-15-(IX)} and remaining proceedings be adjusted against other accounts starting from the oldest account of the concern. Abstract of the condition is reproduced below:

“If the unit has also availed term loan from the corporation, the receipts from the borrower shall be first adjusted towards overdues on account of WCTL irrespective of his request to the contrary”.

As per the branch report, sale proceed is being considered as receipts the position of account on the basis of above conditions shall be as under:

	5831 (oldest)	5833	5834	5837	5836 (WCTL)	Total
P.Sum	112161	492451	1431312	1169000	1614230	4819154
Interest	103303	347916	1756747	997046	1131473	4336485
O.M.	-	37647	9027	8736	65362	120772
Total	215464	878014	3197086	2174782	2811065	9276411
Sale proceeds appropriated:						
P.Sum	112161	492451	0	0	1614230	2218842
Interest	103303	347916	0	47694	1131473	1630386
O.M.	-	37647	9027	8736	65362	120772
Total	215464	878014	9027	56430	2811065	3970000
Balance						
P.Sum	-	-	1431312	1169000	0	2600312

Interest	-	-	1756747	949352	0	2706099
O.M.	-	-	-	-	0	
Total	-	-	3188059	2118352	0	5306411

In the case ROD has been filed on 9.11.04 and the case lodged u/s 32-G and property of Shri Gautam Chand was identified and attachment order passed on 13.09.07. But thereafter got stay on auction of the property from High Court vide order dated 24.10.07 and 1.11.07. Net worth of partners at the time of sanction of loan:

Shri Sushil Singhvi	Rs. 8.43 lac
Shri G C Jain	Rs. 9.00 lac
Smt. Sushma Singhvi	Rs.14.87 lac

MRV of properties of promoters & guarantors identified by BO works out to Rs.48.75 lac, but as per the MRV report, the BO has no papers/documents/title with them. The value estimated on approx basis in view of the stay order in force against the properties.

The party has requested to waive entire penal interest since beginning till date of possession and no further interest will be charged on settlement amount and also allow six months time for payment. In addition the party has requested that the sale consideration be appropriated first against the WCTL and then other accounts starting from oldest account.

After discussions and considering the condition no.12 of sanction letter stipulated as per PG/LAS-71(B)-15-(IX)} whereby if the unit has also availed term loan from the corporation, the receipts from the borrower shall be first adjusted towards overdues on account of WCTL irrespective of his request to the contrary, therefore the BO to rectify the loan account accordingly. The committee decided to settle the account at Rs.29.00 lac less Rs.4.81 lac deposited towards upfront (Rs.2.96 lac on 13.10.08 and Rs.1.85 lac on 25.3.09) i.e. net payable settlement of Rs.24.19 lac payable in six equal monthly instalments commencing from Sept.,09 to Feb.,2010.

No interest shall be charged upto 31.8.09 and thereafter interest @ 13% p.a. on the unpaid amount of settlement amount shall be charged.

The party consented to the settlement.

#### 4. **M/s Manoj Granites, Behror, Neemrana**

Nobody appeared before the committee hence consideration of the case was deferred.

#### **General decisions:**

SLC observed that the Corporation is not charging interest in cases where the unit is taken in possession and sold out to third party. Similarly, interest is also not being charged in cases where Official Liquidator (OL) has been appointed by the High Court. However, in the cases where the competent authority has passed orders for winding up but further action with regard to

possession could not be taken by the concerned authorities for any reason, the Corporation as per policy is charging interest at the documented rate. This result in heavy accumulation of interest, grossly disproportionate to the known assets of the entrepreneurs. To keep such eventualities at par with other cases of possession under the Corporation Policy, the committee decided that the matter should be examined in depth and necessary guidelines be issued in this regard in order to bring a uniformity.

**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) 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).
- 3) The party, if any, shall withdraw Court case.
- 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 15<sup>th</sup> 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 (Dev.)  
MEMBER SECRETARY**

**RAJASTHAN FINANCIAL CORPORATION  
(FR Division)**

Minutes of the 92<sup>nd</sup> meeting of SLC held on 21.10.2009 at 3.00 A.M under the Chairmanship of Shri A.K.Garg, IAS, CMD.

Following were present :

Shri Rajeeva Swarup MD, RIICO.	: Member
Dr Mohan Lal Yadav, Executive Director	: Member
Shri Suresh Singhal FA/GM(A/c)	: Member
Shri Sukhaveer Saini, GM(D)	: Member Secretary

Shri L.K.Ajmera, DGM(DDW), Shri A.P. Mathur, DGM(FR-2), Shri M.R. Chhinwal, DGM(ARRC), Shri H.C. Khunteta, Manager (DDW), Shri P.D.Verma, Manager(FR-3) and Shri N.K.Ajmera, DM(FR-2) were also present.

**I. Confirmation of the minutes of SLC meeting held on 28.07.2009.**

Minutes were confirmed.

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

**1. M/s Manoj Granites, Behror**

Nobody turned up. The committee decided to defer the case for next meeting giving last chance.

**2. M/s Satyog Marble Products & Suppliers, Sikar**

The case was settled by SLC in its meeting held on 14.5.09 at a net payable settlement amount of Rs.22.09 lac payable in 12 monthly installments. Party deposited Rs.1.75 lac and requested for release of possession. At the level of CMD it was decided to release possession after payment of 50% of settlement amount alongwith applicable interest.

Party again represented and looking to the difficulties of party it was decided to give back possession of the unit after further payment of Rs.2.00 lac by 20<sup>th</sup> September, 2009 and balance amount in 18 monthly installments. It was also decided to submit the case before SLC for confirmation of decision taken. Accordingly, party deposited Rs.2.00 lac on 14.9.09 and possession has been handed over back to original promoter on 16.9.09.

The matter was placed before SLC for confirmation. The committee discussed the case in detail and noted that looking to the history of the case

there is full of apprehension of default. However, committee confirmed the decision with the condition that the case may be monitored vigorously and stern action be initiated if there is default for more than 7 days.

3. **M/s Choudhary Steel Udyog, Sikar**

Nobody appeared before the committee hence consideration of the case was deferred.

4. **M/s NLP Organics Pvt. Ltd., Bhiwadi (FR case)**

The case was placed before the SLC on 30.06.2009 and the committee decided as follows

“The Committee after considering the facts as also the alternatives available with the Corporation for recovery, offered to settle the account on Rs. 170.00 lac less upfront amount of Rs. 6.28 lac on net payable amount of Rs.163.72lac. This amount would be paid by the party upto December,2009 in equal installments starting from July,2009. No interest would be charged upto 31<sup>st</sup>July,2009 thereafter interest @ 13% is chargeable. The Committee noted that in case party approaches the Corporation for sale of part assets, the same shall be considered as per the rules of the Corporation. The Committee also decided that the party will withdraw all Court cases against the Corporation.

The party verbally consented for the settlement, however, they would submit written consent within 15 days.”

According to the decision of SLC, the company did not submit the consent for the settlement within the stipulated period of 15 days and it was therefore, decided to initiate legal action u/s 30 /20 of the SFCs Act, 1951 against the company. Accordingly, legal notice dated 18.9.2009 was issued to the company y for making payment of entire dues of the Corporation upto 16.10.09. The dues position of the company as on 1.9.09 as per legal notice is given below:

Principal sum	Rs. 31.34 lakh
Interest	Rs.474.28 lakh
Other money	<u>Rs. 0.01 lakh</u>
Total	<u>Rs.505.63 lakh</u>

Meanwhile the company submitted a request dated 1.10.09 to allow time to him to make payment of settlement amount upto 31.3.2010 by waiving condition of making payment in installments. Further, the company has stated that they have applied to RIICO for sub division of land and as soon as the permission is obtained, they will deposit the settlement amount.

The matter was placed before the competent authority and it was decided to allow company to make payment of settlement amount upto 31.3.2010 alongwith interest @ 13% from the month of August, 09 to 31<sup>st</sup> December, 09 and interest @ 16% p.a. thereafter upto 31.3.2010.

A note was put up before the committee for perusal and granting ex-post facto approval to the decision taken. The committee after perusal, granted ex-post-facto approval to the decision taken by the competent authority.

5. **M/s Man Industrial Corporation Ltd., Jaipur (DDW)**

Shri K.M.Rungta & Shri G.M.Rungta, directors of the company appeared before the committee.

The request of above named company to reconsider the one time settlement was placed before the Board in its meeting held on 26.08.09. The decision of the Board is reproduced as under:

“After detailed discussions the Board allowed for processing the case for settlement. The case may be placed in the appropriate settlement committee and thereafter as per the standard practice board can take the final decision.”

In compliance of Board decision in its meeting held on 26.8.09, agenda in the case was submitted before the SLC for its kind consideration. At the outset facts of the case was presented before the Committee which are as follows:

Loan sanctioned	Rs.10.00 lac in 1962 and Rs.12.72lac in 1966		
Loan disbursed	Rs.10.00 lac in 1962 and Rs.4.66 lac in 1966		
Product	Transmission Towers		
Category of the account	Doubtful		
Status of unit	Closed		
Amount outstanding prior to compromise decree	A/c-I 545232.17	A/c-II 663574.66	Total <b>12,08,806.83</b>
Outstanding as on 1.6.09 & 30.9.09 as per books:		<u>As on 1.6.09</u>	<u>As on 30.9.09</u>
<b>Penal interest not charged in books</b>	Principal	Rs. 11,95,014	11,95,014
	Interest	Rs.5,65,90,817	5,95,91,784
	O.M	Rs. 1,38,682	1,38,682
	Total	<b>Rs.5,79, 24,513</b>	<b>6,09, 25,480</b>
Payment received since beginning	Rs.14.00 lac (prior to compromise decree) Rs.8.00 lac approx.(against compromise decree) Rs.8.00 lac on (as upfront & Regn.) <b>Rs.30.00 lac</b> approximately		
Details of security: - Land - 50 acres under litigation with regard to ownership - Building - P & M <b>Total</b>	Rs. 28.80 crore Rs. 2.40 crore Rs. 0.65 crore <b>Rs.31.85 crore</b> as on 31.3.2003		
LDR as per the compromise decree dated 22.9.1977	1.12.1981		

As per ROC's record, there are eight directors viz. Shri Tilak Chand Palawat, Shri Harish Govaerdhan Todi, Shri Kishan Gopal M.Rungta, Shri Ajay Poddar, Shri Pana Chand Jain, Shri Mukund Rungta, Shri Sameer Singh, IAS and Shri S.K.Mittal, IAS.

State Government is also one of the shareholders of the company having 10,000 shares of Rs.100/- each out of the total paid up capital of Rs.50.00 lac.

Despite repeated advice, the company failed to deposit the dues of the Corporation, hence Action u/s 31(1)(a)&(c) & 32 was initiated on 30.12.75 for recovery of Rs.10,89,265.88 along with interest.

Consequently RFC went to Court under sec.31. The Hon'ble Court was pleased to order for attachment of land, building and P&M of the company and also ordered an Interim Injunction restraining the company from transferring or removing its machinery or plant or equipments from the premises of the company. Attachment of land and building was made on 4.1.76 and the P&M on 11.10.76.

At the request of the company the Corporation agreed to make a compromise with the company and agreed for a compromise decree for Rs. Rs.12,08,806.83 dated 5.9.77 along with rate of interest @ 5% above the bank rate prevailing from time to time subject to a minimum of 13.5% p.a. or such other rate of interest as may be decided by the Corporation for similar advance from time to time with half yearly rest on product basis and expenses in cost of litigation.

The company has made payment of Rs.8.50 lac between 21.7.78 and 29.3.1985 and thereafter, no payment was made by the company. Therefore the Corporation filed execution application before the Hon'ble Court for realization of a sum of Rs.38.85 lac with interest on 5.2.1987.

In the meantime the company had also approached the BIFR on 31.8.1987. The BIFR in turn under provisions of section 20(1) of the SICA Act, directed for winding up of the company on 15.4.1991. The company appealed before the AAIFR. AAIFR passed an order dated 17.8.1994 for immediate payment of Rs.62.72 lac to RFC. The company had also filed an application dt.27.9.1995 objecting to the calculation of interest with half yearly rest. The Executing Court over-ruled the objection and directed the company for execution. The company also filed Revision Writ Petition before the High Court and the Hon'ble Court had held that **"the appellants are not entitled to charge interest on half yearly rest basis"** vide order dated 13.9.1996.

Aggrieved with the order of High Court, the Corporation has preferred and filed SLP before the Hon'ble Supreme Court on 30.9.1996. The Hon'ble Supreme Court disposed of the SLP setting aside the orders of the High Court and restored the orders of Executing Court vide its judgement dated 26.8.03. It is also pertinent to mention here that the Respondents (MICL) were willing to pay the Corporation (Appellants) a sum of Rs.75.00 lac in full and final settlement of all the claims of the Appellants as reported by the Apex Court in its aforesaid judgement 26.8.2003.



The case was placed before SLC in its meeting held on 30.3.99 and the offer of Rs.35.00 lac given by Mr.Roongta to settle the account was regretted by the committee as the case was pending with Supreme Court and to be decided as per direction of Supreme Court. The company again approached the Corporation for one time settlement and had deposited Rs.8.00 lac on 5.2.2004 as upfront amount along with registration fees of Rs.4000/-. The case was placed before the SLC in its meeting held on 20.2.04. The case was deferred for legal examination in view of the decision of the Hon'ble Supreme Court.

Opinion of Shri Aruneshwar Gupta Addl. Advocate General, New Delhi was obtained wherein it was stated that the State Level Empowered Committee is not entitled to make any settlement in a case like this where there is a judgement and order of Hon'ble Supreme Court upholding the settlement and agreement between the parties. Hence it could not enable the SLC to settle the case on 13.10.05.

Failing the settlement bid, the company approached the Court for relief against execution of decree of 1987. The ADJ Court vide order dated 22.3.2006 stayed auction of 50 acres of land already attached, however allowed to attach and auction the other properties. Incidentally neither the properties were identified nor the attached plant & machinery ever put to auction.

The Corporation moved the Hon'ble High Court and filed a Writ Petition. The Hon'ble High Court vide its orders dated 23.1.2007 stayed the ADJ Court order dated 22.3.06. Further the High Court vide its order dated 30.7.07 directed that both the parties shall maintain the status-quo so far as the property in dispute is concerned.

The company again approached the Corporation vide its letter dated 16.2.06 for one time settlement. The matter was reviewed and second opinion from the Addl. Advocate General, Govt.of Rajasthan Shri N.M.Lodha was obtained on 15.6.06. He opined that neither it would be just, proper and legal to entertain the application filed by the MICL for one time settlement nor it is in the interest of RFC.

The company had also filed a writ petition against the impugned order dated 22.3.2006 on various issues.

Director of the company, Shri Rungta approached the Corporation for one time settlement vide letter dated 17.4.09. The matter was referred to Shri G.C.Garg, Shri J.K.Singhi and Shri R.D.Rastogi, senior advocates of Rajasthan High Court for their legal opinion. Looking to the problem in salability of mortgaged property and continuous endless litigation Shri G.C.Garg and Shri J.K.Singhvi, Advocates have given their opinion that RFC can proceed with settlement of the case out of Court to end a litigation, which has been pending for last 32 years. RFC can go for settlement for an amount which may be lower than the amount of compromise decree dated 22.9.1977 after reviewing the circular dated 30.6.2006 (FR-ARRC-136) which prohibits the cases of compromise decree.

The loan is guaranteed by 8 directors as per the Indenture of Guarantee Deed dated 11.8.1962. As per letter dated 4.7.96 of JDA the land pertains to MICL involving multiple litigations filed by Railways, Defence and one Shri Abhay Singh. The Railways are claimant over the land which is in possession of MICL mortgaged to the Corporation. Also Shri Abey Singh has been laying claims on the land since very long.

An exercise has also been undertaken to ascertain the amount recoverable on the basis of offers given by the party before the Supreme Court as per Compromise decree and as per original agreement signed by the party. The amount so worked out is reproduced below:

Position as on 30.9.2009:

Before the Authority/ Court	Amt. offered by the party	Simple Interest			(Rs.in lac) Half yearly compounding	
		5% above the bank rate	Prevailing concession al rate (14%)	@ 13.5%	5% above the bank rate	Prevailing concession al rate (13.5%)
Compromise decree execution dt. 5.2.87	38.85	170.35 From 1.1.87	161.60 From 1.1.87	157.18 From 1.1.87	1030.58 From 1.1.87	749.19 From 1.1.87
AAIFR decision dt. 17.8.94	62.72	205.74 From 1.1.94	200.12 From 1.1.94	195.09 From 1.1.94	565.42 From 1.1.94	481.29 From 1.1.94
SLC dt.30.3.99	35.00	84.80 From 1.1.99	86.68 From 1.1.99	84.80 From 1.1.99	132.88 From 1.1.99	132.88 From 1.1.99
Supreme Court judgement dt.26.8.03	75.00	142.34 From 1.1.03	144.88 From 1.1.03	142.34 From 1.1.03	171.50 From 1.1.03	171.50 From 1.1.03
As per original loan agreement made on 1962 & 1966 a) On documented rate @ 3% above the bank rate i.e minimum 8.5% b) On half yrly. compounding @ 3% above the bank rate i.e minimum 8.5%	48.72  239.97	Nil	Nil	Nil	Nil	Nil

**Amount recoverable on the basis of cost inflation index :**

The amount recoverable on the basis of cost inflation index as provided under Income-tax Rules,1961 arrives at as under:

F.Y	Inflation Index	Inflation Index in Current year	% increase in Inflation index	Settlement Amount	Amount payable on the basis of Cost Inflation Index
1994-95	259	615	237.451737	6272000	14892972.97
1995-96	281				
1996-97	305				
1997-98	331				
1998-99	351				
1999-00	389				
2000-01	406				
2001-02	426				
2002-03	447				
2003-04	463	615	132.829374	7500000	9962203.024
2004-05	480				
2005-06	497				
2006-07	519				
2007-08	551				
2008-09	582				
2009-10*	615*				

**Note:** For the FY 2009-10 the cost inflation index has not been declared yet by the CBDT hence presume on the basis of previous trend, the same is expected in August & Sept.,2009. (Copy of UO.Note dt. 13.8.09 annexed at **Annex-24**)

Presently, the writ petitions filed by the Company and the Corporation are pending before the High Court Jaipur and before Hon'ble ADJ, Jaipur regarding the dispute of the title, of 50 Acres of land mortgaged with the Corporation. The execution application is also pending for want of details of the other properties (other than the 50 Acres of land).

It is pertinent to mention that the Corporation has invoked the remedy of Section 31 of the SFC Act 1951 against the primary security i.e., P&M, and L&B of MICL and same is still pending. Thus the Corporation cannot proceed against the Primary securities of the Company under Sec 29 or under Sec 32G of the SFCs Act 1951 simultaneously.

In order to end the multiple litigations involved and huge amount at stake, the Corporation sought opinion from the Advocates whether we can settle the case out of court as requested by the company. Looking to the problem in salability of mortgaged property and continuous endless litigation Shri G.C.Garg and Shri J.K.Singhvi Advocates have given their opinion that RFC can proceed for settlement of the case out of Court to end a litigation, which has been pending for last 32 years. They have further opined that RFC can settle the case for an amount which may be lower than the amount of Compromise decree dated 20.9.1977.

The company has requested to settle its loan account by charging simple and concessional rate of interest by calculating on Rs.8.00 lac being the principal amount due since 1981 vide their letter dated 20.10.2009.

Committee had detailed discussions with the promoters of the company. Shri K.M.Rungta stated that the company had already settled the account with the other institutions; details are given below: They also furnished photocopies of the settlement arrived and sacrifices made by these institutions.

(Rs.in lac)

S. No	Bank/Govt.agencies	Amount recoverable	Amount of settlement	Sacrifice made	%age of sacrifice
1.	Punjab National Bank	440.77	117.36	323.41	73.37
2.	Union Bank of India		16.00		
3.	Commercial Taxes Deptt.	3.51	1.27	2.24	63.82
4.	JVVNL	250.00	60.45	189.55	75.82

In view of the above facts and position of the case, it is observed that there is multiplicity of litigation involved in this case. The Hon'ble High Court has maintained status-quo so far as the property in dispute is concerned i.e. auction of 50 acres of land already attached. Looking to the problem in salability of mortgaged property and continuous endless litigation, Shri G.C.Garg and Shri J.K.Singhvi, advocates have given their opinion that RFC can proceed for settlement of the case out of Court to end a litigation, which has been pending for last 32 years As per letter dated 4.7.96 of JDA the land pertains to MICL having multiple litigations filed by Defence and one Shri Abhay Singh. Apart from above, the Railways are also claimant over the land which is in possession of MICL and is mortgaged to the Corporation. Execution application is also pending for want of details of other properties. The main issue raised by the company is of the title ownership of the land.

Considering the whole background of the case, the Committee felt that continuation of recovery efforts may not prove fruitful and settlement is the only remedy. Principal considerations were as follows:-

- a) After all the case has been pending for the last 47 years and active litigation in umpteen number of Courts, ranging right from Hon'ble Supreme Court to District Courts, has been going on for the last 32 years. Yet, despite this multiplicity of litigation, RFC has not been able to recover practically a single paise since 1985 barring sum of Rs.8.00 lakhs deposited at the time of One Time Settlement exercise in the year 2004.
- b) How ineffective our efforts at forcible recovery have been, is amply demonstrated by the fact that compromise decree was made in 1977 but over a period of 32 years nothing has come out of it.
- c) Despite the fact that the Plant and Machinery have been seized and attached in the year 1976, no disposal and consequential recovery of moneys has been possible even after such a long time.
- d) Salability of prime security, i.e. 50 acres of land, is extremely poor and hazy. Even the JDA has shown its reluctance to deal with the matter of land in the light of objections raised by the Defence and Shri Abhey Singh in view of the pendency of cases before the ADJ, Jaipur and High Court & AAIFR.

- e) While coming to the monetary aspect of the settlement, it was quite instructive to note the fact of settlement by other Agencies, which have already made as indicated above, sacrifices ranging from 64% to 76%.

The quantum of settlement was guided by the assessment of MICL's liabilities. Several models have been attempted to indicate the possible demand from the party, but mostly the exercise is about how much we can get rather than how much should we get as per our books of accounts? In other words, there was no attempt to really make an assessment of what is exactly due against the party as per the books of accounts. In this regard, when going into the depth of the matter, it was realized that it would be just and appropriate to raise a demand based on loan agreement executed in the years 1962 & 1966. For, that would give a very fair idea about the approximate, actual dues of the company. The exercise reveals that such demand as per the books of accounts would be to the tune of Rs.2.40 crores and this demand would be on the basis of documented rate of interest as per the agreement as also half-yearly compounding as per the directions by the Hon'ble Supreme Court.

Of course, looking to the highly complex and litigationist nature of the case, settlement could have been justified even against higher demand, but looking to the position of demand as per original loan agreement executed in 1962 and 1966, the amount on half yearly compounding @ 3% above bank rate i.e. minimum 8.5% works out at Rs.239.97 lac, the case has been recommended for being settled at Rs.2.01 crores, payable by 25.03.2010 in the following manner:

1. Rs.25 lac within 15 days of receipt of OTS settlement decision by RFC
2. Rs.25.00 lac on 15.12.2009
3. Rs.25.00 lac on 15.01.2010
4. Rs.50.00 lac on 25.02.2010
5. Balance on 25.03.2010

Interest @ 13% w.e.f. 1.12.2009 on unpaid amount of settlement shall be charged.

The cases filed by the company/promoters/Corporation shall be withdrawn on receipt of entire settlement amount with interest.

The promoters consented to the settlement”.

The committee decided that recommendation made may be placed before the Board for consideration”.

**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) 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).
- 3) The party, if any, shall withdraw Court case.

- 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 15<sup>th</sup> 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 (Dev.)  
MEMBER SECRETARY**

**RAJASTHAN FINANCIAL CORPORATION**  
**(FR Division)**

**Minutes of the 93<sup>rd</sup> meeting of SLC held on 30.11.09 at 4.30 PM under the chairmanship of Shri A.K.Garg, IAS, CMD**

Present:

Shri Rajendra Bhanawat, MD, RIICO	:	Member
Shri Kamal Mehta, Director	:	Member
Dr. Mohan Lal Yadav Executive Director	:	Member
Shri Suresh Singhal FA/GM(A/c)	:	Member
Shri Sukhaveer Saini, GM(D)	:	Member Secretary

Shri L.K. Ajmera, DGM(DDW), Shri Omkar Mal, DGM(FR-2), Shri M..R. Chhinwal, DGM(ARRC), Shri H.C. Khunteta, Manager (DDW), Shri P.D.Verma, Manager(FR-3), Shri Deepak Verma, Manager(ARRC), Shri A.K.Sood, Manager(Law) 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 21.10.09**

Minutes were confirmed.

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

**1. M/s Manoj Granite, Neemrana**

As per decision taken in last SLC meeting held on 21.10.09 last opportunity was given to the party to attend the SLC meeting held on 30.11.09. Accordingly, Branch Manager issued registered AD letter to the party on 20.11.09 but no one turned up hence Committee decided to close the case.

**2. M/s Mehta Printers, Dungarpur**

Shri Bhagwati Lal Mehta attended the meeting. Earlier the case was registered for OTS and rejected by Special HOLC as party did not agree to the offer given by the committee for settlement of dues i.e. Rs. 5.00 lac including upfront of Rs 53500/- on 7.11.08. Aggrieved by the decision of Spl.HOLC, party requested for appeal to SLC and competent authority had allowed to register the case at 50% upfront amount. In the request dated

16.9.09 submitted in the Branch for settlement of account, party offered to settle the account in principal sum. After discussions, the Committee decided to agree to the proposal and offered to settle the account on principal sum plus other money but party backed out on its proposal and did not agree, hence the committee decided to reject the case.

3. **M/s Kataria Plastic Udyog, Jhunjhunu**

Party did not attend the meeting, hence the case was deferred.

4. **M/s Choudhary Steel Udyog, V&P Katrathal Sikar**

Shri Prakash Choudhary, Promoter of the unit, appeared before the committee.

This case was earlier placed before Special HOLC in its meeting held on 01.09.08. Decision taken by the committee is reproduced below:

A loan of Rs. 4.80 lac was sanctioned on 19.07.2000 (term loan Rs. 2.80 lac and WC loan Rs. 2.00 lac) out of which Rs. 3.94 lac ((Rs. 2.34 lac term loan and Rs. 1.60 lac towards working capital) was disbursed upto 16.08.2000 to the unit for manufacturing of steel furniture.

A sum of Rs. 12.91 lac was outstanding as on 01.06.2008, (principal sum Rs. 3.94 lac, interest Rs. 8.96 lac and other money Rs. 0.01 lac). Financed assets (P&M) are missing and Branch Office has lodged FIR against the part on 16.4.08. For recovery of Corporation dues, action u/s 32 (G) has been initiated and ROD sent to Collector, Sikar on 20.10.05 and the same is pending with Tehsildar. The category of loan A/c is doubtful on 31.3.05.

Collateral security of residential house of Guarantor at village Katrathal, District Sikar was taken. The MRV of which is reported to be Rs. 2.50 lac while the value considered at the time of execution was Rs. 6.00 lac.

After detailed discussions and considering all the facts and position of the case, the committee offered to settle the account on the outstanding arrived at on the basis of calculation on simple interest basis that is Rs. 8.38 lac as on 1.6.08. But the proprietor did not agree to the offer given by the committee, therefore, the case was **rejected** with the following directions:

- i) Branch Manager to pursue with police authorities for speedy action on the FIR lodged against the proprietor
- ii) Reason for the reduction in MRV of collateral security may be enquired."

Aggrieved with the decision of Spl.HOLC, party has filed appeal for SLC. The competent authority has condoned the delay for filing an appeal to SLC.

After detailed discussions and considering all the facts and position of the case, the committee offered to settle the account in a consideration of further



payment of Rs. 4.21 lac payable in 10 equal monthly installments commencing from December, 2009.

No interest would be charged upto 31.12.09 and thereafter w.e.f. 01.01.10 interest @ 13% p.a. shall be charged on unpaid amount of settlement.

The proprietor consented to the settlement.

**5. M/s. Man Industrial Corporation Ltd. (MICL) Jaipur City (DDW case)**

The case was placed before SLC and discussed. It was recalled that in the last Board meeting it was decided to refer the matter to Addl Advocate General for some legal points.

The Addl Advocate General Mr Inder Raj Saini has only sent his legal opinion vide letter dated 16.11.09. As per this, the compromise decree is still valid and can be acted upon. But on the other hand, according to him, in absence of provision for penal action, no penal interest can be charged.

The matter was discussed in this background. Also it was suggested that stakes of various claimants/ litigants over the prime security of 50 acres could be worked out so as to see whether any clear land could still be available for auction by RFC.

It was also felt desirable to have an idea about the assets of guarantors.

The matter may be placed before the Board, and the borrower may also be requested to be present before the Board for any likely points.

**GENERAL OBSERVATIONS:**

- 1) Wherever settlement amount is to be paid in instalment, the party will produce PDCs in the BO payable on 15<sup>th</sup> 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.

**General Manager (Dev.)  
MEMBER SECRETARY**