

**RAJASTHAN FINANCIAL CORPORATION**  
(FR Division)

Minutes of 107<sup>th</sup> meeting of SLC held on 11.09.2013 at 11.00 a.m under the Chairmanship of Shri Yaduvendra Mathur, IAS, CMD.

The following were present:

Shri M.K.Sharma, GM, SIDBI, Director	:	Member
Shri Kamal Mehta, Director	:	Member
Mrs.Aparna Sahay, FA, RIICO (Representative of MD, RIICO – Special invitee)		Special invitee
Shri Pukhraj Sen, ED, RFC	:	Member
Shri R P Meena, General Manager (Operations)	:	Member
Shri N.P.Gupta, General Manager (D)	:	Member
Shri D.V.Jashnani, DGM (Law)	:	Member
Shri Onkar Mal, DGM (RRM)	:	Member Secretary

Shri O.M.Chohla, GM (A&I) was also present.

**I. Confirmation of the minutes of SLC meeting held on 12.06.2013:**

Minutes were confirmed.

**II. Action taken report on the decisions taken in the SLC meeting held on 12.6.13:**

Noted. It was directed to put up compliance of the decision taken by SLC for pending/ unsettled matters/cases before the ensuing meeting of the SLC.

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

**1. M/s Paras Oil Industries, Jodhpur:**

It is a case where the prime assets mortgaged to the Corporation have already been disposed of by the Corporation and now it is a case of deficit. The brief of the case is as under:

Term loan of Rs.22.40 lac and working capital loan of Rs.17.30 lac were sanctioned on 21.03.96 out of which Rs.14.62 lac (TL) and Rs.17.30 lac (WC) were disbursed upto 26.3.98. Due to default in repayment, unit was taken into possession on 13.02.02 and sold at Rs.12.48 lac on 27.10.04 & 28.12.07.

The proprietor Shri Paras Mal Jangra expired and his son Shri Dharmi Chand Jangra also expired. Now Shri Roop Jangra S/o late Paras Mal Jangra and Shri Sudershan Jangra S/o late Dharmi Chand Jangra have approached the Corporation for settlement of deficit amount. The case was earlier placed before the SLC in its meeting held on 20.12.12 and the following decision was taken:

"After detailed discussions and considering the facts of the case, the committee offered to uphold the offer given by the SLC in its meeting held on 29.09.2010 in a consideration of Rs.80.00 lac less upfront amount of Rs.3.18 lac and Rs.3.15 lac deposited on 27.01.10 and 23.03.2012 respectively alongwith interest @ 13% on simple basis. But the guarantor and his representatives did not give consent, therefore, the case was rejected. However the case may be reviewed after furnishing of succession certificate by the legal heirs of the borrower".

The party has approached the Hon'ble Industries Minister and the case was discussed in the meeting dated 08.10.12 and it was decided as under;

"The representative has submitted during discussions that their case may be settled under the OTS scheme and the original title documents may be released after furnishing succession certificate. Therefore, it was decided to place the case before SLC for consideration with the condition that the title documents of the property mortgaged to the Corporation will be released to the successor duly authorised by the competent court after payment of settlement amount".


The committee also noted that the party again approached the Hon'ble Minister and the case was discussed in the meeting held on 13.06.13 at the office of the Hon'ble Industries Minister and it was decided as under:

"In view of the litigations involved and time consuming process for recovery u/s 32G, Hon'ble CMD has offered to the representative to pay Rs.31.50 lac (principal outstanding Rs.29.23 lac + OM Rs.0.61 lac + Mortgagor Exp. Rs.1.66 lac) less upfront amount deposited on 23.03.2012 Rs.3.15 lac i.e. net payable amount of Rs.28.35 lac, which will be paid within two months without interest. It was also decided that on making the payment of above said amount, no dues may be issued in the name of firm, but the title documents of collateral security shall be released only after furnishing of succession certificate. It was also decided to place the matter before the SLC for ex-post facto approval".

The committee noted that the property of collateral security was taken over by the Corpn. u/s 29 of the SFCs Act, besides possession of prime assets of the unit. Though the prime assets have been sold, but the property of collateral security could not be sold u/s 29 of SFCs Act, in view of decision of Apex Court. However, decision has been taken to proceed u/s 32G for recovery of deficit amount through revenue authorities. The committee also noted that there are multiple litigations with regard to ownership of the property mortgaged with the Corpn. in collateral security, it may not be possible to recover the amount immediately.

After detailed discussions and in view of the background of the case, the committee decided to confirm the decision taken by the CMD. However, no dues certificate may be issued in the name of unit, but the title documents of collateral security shall be released only after furnishing of succession certificate from the competent court.

**2. M/s Hotel Surya Mahal Palace, Goner Road, Jaipur:**

 Shri Nathu Lal Meena and Shri Ram Lal Meena, partners appeared before the committee.

- i) The committee noted that two term loans aggregating to Rs.111.45 lac were sanctioned on 29.07.2000 and 30.05.2002 for setting up a Hotel & Restaurant at Goner Road, Jaipur, out of which a sum of Rs.83.28 lac was disbursed. The project could not be implemented fully and the unit defaulted in repayment, therefore legal notice was issued on 28.01.2004 for recovery of dues of the Corpn. Aggrieved with the legal action, the promoter approached the Hon'ble High Court and succeeded in getting status-quo against recovery action vide order dt.15.04.2004.
- ii) In between the borrower approached the Corporation for settlement of outstanding dues and the matter was placed before the Spl.HOLC in its meeting held on 21.02.08. The committee decided to waive total penal interest Rs.17.82 lac charged in the loan account since beginning and the remaining amount was required to be paid in 12 EMI w.e.f. 01.04.08, alongwith further interest on documented rate. The decision was communicated to the party vide letter dated 03.03.2008. Though the party consented to the settlement but did not adhere to the settlement and also did not withdraw the court case in terms of the decision of the committee.
- iii) The pending writ petition was decided by the Hon'ble Court on 04.01.2012 directing the Corporation as well as the party for implementing the decision of the Spl.HOLC. The Court further directed that if the petitioner firm fails to pay the amount as conveyed by the Corpn. in terms of the letter dated 03.03.2008, the Corpn. will be free to take possession of the mortgaged assets for recovery of outstanding dues against the firm strictly in accordance with the law.
- iv) The borrower did not adhere the directions of Hon'ble Court, hence in compliance of the Court decision, possession of assets of the firm was taken over u/s 29 of SFCs Act on 04.05.2012. Aggrieved with this, the party again filed another writ petition with the Hon'ble High Court and the Court vide order dated 08.04.13 dismissed the writ petition filed by the party.
- v) Now the party again approached the Corpn. for settlement of the loan account. Since the case does not fulfil the eligibility criteria of deemed settlement scheme, the party was allowed to register its case as a grievance case by depositing requisite upfront amount and registration fees. Accordingly the case was registered at BO on 22.07.13.
- vi) The committee noted that it is an abandoned project and could not start the hotel activities. Though the MRV of the assets is much more against the outstanding loan of the Corporation, yet in view of the fact that the project is still abandoned and the borrower could not generate any cash/income, therefore, the committee was of the view to waive entire penal interest charged in the loan account since beginning. The committee was also of the view that looking to the above facts, interest for the possession period may also be waived. Details of loan outstanding as on date of possession and the position as on 01.09.2013 are as under:

Particulars	(Rs.in lac)	
	As on date of possession (4.5.12)	As on 01.09.2013
Principal	83.28	83.28
Interest (Normal)	271.93	351.81
Interest (Penal)	58.51	85.44
O.M	0.14	0.14
O.M debited after possession	5.25	5.25
<b>Total</b>	<b>419.11</b>	<b>525.92</b>
Less: Total penal interest charged	76.21	103.13
<b>Outstanding balance</b>	<b>342.90</b>	<b>422.79</b>

After detailed discussions and considering the facts and position of the case, the committee offered to settle the loan account in a consideration of Rs.419.11 lac less total penal interest charged upto the date of possession i.e. Rs.76.21 lac, less upfront amount deposited for SLC Rs.41.90 lac. The net settlement amount works out to Rs.301.20 lac, which will be payable within 90 days from the date of communication without interest. The committee also decided that the possession of the assets will be handed over back to the original borrower on making payment of 25% of the settlement amount (including upfront amount). If the party fails to adhere the above, the settlement will be treated as cancelled and recovery action will be initiated as per norms of the Corporation.

The partners consented to the above settlement.

**3. M/s B.R.Contractor, Sikar:**

Shri Bhagwana Ram Jat, proprietor of the unit appeared before the committee.

The committee noted that a loan of Rs.26.00 lac was sanctioned to the unit on 30.03.2002 for setting up a Pekar plant at village Goriya, Sikar, out of which Rs.12.20 lac was disbursed. Due to default in repayment of dues and keeping in view the nature of the assets, the Corpn. had decided to initiate recovery action u/s 32G instead of 29 and accordingly legal notice was issued on 31.03.05. Subsequently RoD was sent to the Distt.Collector, Sikar. The SDO/Tehsildar, Dantaramgarh has attached the property i.e. agriculture land on 11.03.2008 and put the same into auction time and again, but no bidder turned up.

The proprietor during discussions represented before the SLC that on account of delay in disbursement of loan from the Corpn., he could not implement the project in full. He further added that he had applied for loan of Rs.100 lac in December,2001, but a loan of Rs.30 lac was sanctioned in March, 2002, which was further reduced to Rs.26 lac, out of which only Rs.12.20 lac was disbursed that too was in March, 2003. He further added that on the basis of the proposed project, he had participated in the tenders called by the PWD and on account of delay in implementation of the project, he could not complete the orders and the PWD had imposed penalty on him, which caused heavy loss to him and because of this, he became defaulter in the Corporation. He further added that at present the project is not working and not having adequate funds that can be used for repayment of RFC's dues. Even though with his best efforts, he has paid Rs.6.32 lac to the Corpn. since beginning.

The committee noted that the matter was earlier discussed in the meeting held at the level of Hon'ble Industries Minister on 16.08.13. In view of the position explained by the promoter, the Hon'ble CMD directed to him that if he is inclined to settle the loan account with the corporation, he should submit a DD of Rs.12.14 lac i.e. principal Rs.11.70 lac plus O.M Rs.0.44 lac on or before 25.08.13, then his case would be placed before the competent committee for taking a view on the proposal of the borrower. In compliance to the aforesaid offer, the borrower has submitted DD worth Rs.12.14 lac on 26.08.13.

After detailed discussions and considering the facts and position of the case, the committee decided to confirm the decision taken by the CMD and to settle the account on principal outstanding + OM, which the borrower has already paid and to withdraw the pending proceedings u/s 32G.

**4. M/s Choudhary Metal Udyog, Sikar:**

Shri Sagar Mal Choudhary, Proprietor of the unit appeared before the committee.

The committee noted that the borrower had purchased fixed assets of a sick unit from the Corpn. in a consideration of Rs.2.40 lac leaving a deferred loan of Rs.1.80 lac on 18.09.99. The Corpn. has further granted a loan of Rs.18.20 lac under single window scheme on 15.11.99, out of which a sum of Rs.15.61 lac was disbursed including Rs.6.00 lac for working capital.

The committee also noted that the borrower did not pay a single penny and on initiation of recovery action, the borrower had filed writ petition before the Hon'ble High Court in the year 2003. Though the Hon'ble court had directed the borrower vide order dated 11.02.2003 to pay Rs.3.00 lac upto 30.04.2003, but he did not adhere to the order. It was also noted that on account of pending writ petition before the Hon'ble High Court the Corpn. could not initiate any further course of action for recovery. On gathering the status of writ petition from the Court, it was observed that there was no stay against recovery action and therefore possession of the fixed assets was fixed on 18.10.11.

The committee further noted that the borrower had the first time deposited a sum of Rs.1.75 lac in two parts on 18<sup>th</sup> & 20<sup>th</sup> Oct.,2011 for getting his case registered under OTS only when the possession was fixed.

The committee also noted that the case was placed before the SLC in its meeting held on 04.05.12. During discussions, the borrower has objected to the MRV of the assets calculated by the Corpn. Accordingly the MRV was reassessed and the case was again placed before the SLC in its meeting held on 28.06.12. After detailed discussions and in view of dispute in MRV, the committee offered to settle the case in a consideration of Rs.67.50 lac (i.e. 80% of MRV), but the promoter did not agree and the case was rejected with the direction to initiate recovery action as per norms of the Corpn.

Aggrieved with the above decision, the borrower approached to Hon'ble High Court and the Court vide order dated 14.12.2012 directed the party to make a fresh representation before the Corporation for OTS within 15 days from the date of order.

In compliance of direction of Hon'ble Court, to place the case before Empowered Settlement Committee, the borrower was advised to deposit the registration fee and upfront amount but he did not agree to deposit any amount. Yet in the spirit of directions of Hon'ble Court, the committee considered the representation without registration and upfront amount and the matter was placed before the SLC in its meeting held on 13.03.13.

After detailed discussions and in view of the directions of Hon'ble Court though the settlement amount according to deemed settlement scheme i.e. 80% of MRV (Rs.84.63 lac) comes to Rs.67.50 lac but the committee offered to settle the account in a consideration of Rs.65.00 lac out of which Rs.20.00 lac would be paid before 31.03.2013 and remaining Rs.45.00 lac shall be payable in 6 monthly instalments commencing from April, 2013 to September, 2013 without interest but the promoter did not agree, hence the case was rejected by the committee with the direction to place the fact before Hon'ble Court.

The committee further decided that since there is no stay against the recovery action, and the promoter is also not inclined to pay the dues of the Corporation, recovery action u/s 29 may be taken against prime assets immediately besides recovery action u/s 32-G against the collateral security for recovery of Corporation dues. The facts may also be placed before Hon'ble Court through OIC. In compliance of above decision, the BO has fixed possession of the prime assets u/s 29 of SFCs Act on 13.06.13. Aggrieved with this, the borrower represented to Hon'ble Industries Minister to settle the case out of court. During discussion in the meeting of Hon'ble Minister for Industry in June, 2013, he again insisted to reassess the MRV from a private valuer. Accordingly, the same was got calculated from a private valuer Shri Kamla Kant (Chartered Engineer & Regd.Valuer) at Rs.69.93 lac.

The committee also noted that the case was again discussed in a meeting held with the Hon'ble Industries Minister on 16.08.13 where Hon'ble CMD has directed to the borrower that if he was inclined to settle the loan account, first he should show his bonafide intention and submit DD of Rs.17,42,530/- by 25.08.13 towards outstanding principal plus OM, thereafter the case may be placed before the competent committee for consideration. Though the borrower has not submitted the DD as committed by him, yet he has submitted DD of Rs.17,40,200/- on 29.08.13.

The committee noted that the borrower did not incline to settle the dues of the Corpn., since beginning and merely succeeded and managed to defer the recovery proceedings in one or other way. The committee also noted that the MRV of the security mortgaged to the Corpn. is not adequate to secure the total outstanding dues of the Corpn. as on date, yet if the Corpn. considers the case for waiver of interest charged on compounding basis including penal interest i.e. to settle the account on simple documented interest rate basis, the security may cover the loan outstanding worked out on simple interest basis i.e. the amount payable on simple interest basis comes to Rs.51.70 lac as on 01.09.13 whereas the realizable value of security is Rs.55.94 lac.

During discussions the borrower has again objected the amount worked out on simple interest basis and it was directed to the GM(D) to recalculate the amount payable on simple interest basis. However, the committee decided that if the amount after recalculation exceeds to the amount worked out by the branch i.e. Rs.51.70 lac,

then the settlement would be on the lower amount i.e. Rs.51.70 lac. The GM(D) has calculated the amount payable on simple interest basis, which works out to Rs.52.20 lac upto 31.08.2013.

After detailed discussions and considering facts and position of the case, the committee offered to settle the account in a minimum amount i.e. Rs.51.70 lac, less upfront amount Rs.1.75 lac deposited earlier for SLC, less Rs.17.40 lac deposited now and the net settlement amount would be Rs.32.55 lac, which would be paid without interest within 90 days from the date of communication. If the party fails to adhere the above, the settlement will be treated as cancelled and recovery action will be initiated as per norms of the Corporation.

The proprietor verbally consented to the above settlement, but he has not submitted written consent. BO may be advised to take consent in writing within 15 days. If the borrower did not submit written consent the settlement may be treated as cancelled and recovery action will be initiated as per norms of the Corporation.

**5. M/s Viral Organics, Udaipur:**

Nobody appeared before the committee. However, Smt.Hemlata Kothari, proprietor has informed over phone that her son is suffering from viral, who is studying in Kota, she can not attend the meeting on the scheduled date.

The committee noted that a term loan of Rs.15.00 lac was sanctioned to the unit on 28.9.97 for establishing a Sodium Bisulphate manufacturing industry at G1-202, RIICO Industrial Area, Gudli, Udaipur, out of which a sum of Rs.9.32 lac was disbursed till 10.11.98. It was noted that though in starting the proprietor had tried to pay the dues in time and had paid Rs.2.67 lac but later on failed to deposit the dues of the Corporation as such possession of the assets of the unit was taken over on 2.2.2000 and were sold in a consideration of Rs.5,50,501/- on 13.1.03 leaving a deficit of Rs.7,12,759/-. Total amount recovered since beginning is Rs.8,17,402/- inclusive of sale price.

The committee further noted that though action u/s 32(G) was initiated for recovery of deficit amount, but ROD was returned by the Revenue authorities on 17.7.09 due to non availability of properties.

Smt. Hemlata Kothari proprietor has requested to Hon'ble CMD that her husband has expired on 19.05.12 due to cancer and incurred a lot of money on his treatment, she is neither having any source of income nor having any movable and immovable property, hence to waive the outstanding amount in the loan account, as she is hardly pulling her life. The BO has also vetted the above facts.

After examining the facts and position of the case, it was decided by the competent authority to place the case before SLC as a Grievance case without asking for registration fee and upfront amount.

After detailed discussions and considering facts and position of the case, the committee decided to settle the case in principal disbursed i.e. Rs.9.32 lac less amount recovered so far including sale price of the fixed assets i.e. Rs.8.17 lac, the net settlement amount of Rs.1.15 lac, which will be paid without interest within 90 days. If the party fails to adhere the above, the settlement will be treated as cancelled and recovery action will be initiated as per norms of the Corporation.

The committee also discussed and reviewed the cases of M/s Durable Cold Retreaders, Ajmer and M/s A. Daga Steel Overseas Corporation, Jaipur, which are pending for compliance and decided as under:

1. **M/s Durable Cold Retreaders, Ajmer**

The committee discussed this case with regard to the reference made to SIDBI in compliance of earlier decision of the SLC dated 12.06.13 for settlement of Seed Money provided by SIDBI. The GM, SIDBI has informed that SIDBI is not considering any sacrifice in seed money in general, yet if other FIs are settling their dues by sacrificing the principal sum, then SIDBI can also consider the case on similar lines of other FIs. Therefore, it was decided that the SIDBI may confirm their views in writing, so that further action in the case for issue of No due certificate can be taken because the borrower has paid the entire settlement amount of the Corporation as per the decision taken by the SLC in its meeting held on 12.06.13 and now insisting for issuance of No dues. A reference in this regard may be made to SIDBI in this regard.

2. **M/s A. Daga Steel Overseas Corporation, Jaipur**

The committee noted that this case was settled by the SLC on 12.06.2013 in a consideration of P.sum of Rs.11235/- + OM. The committee observed that since the borrower had paid amount as directed by the Hon'ble Court and also filed a contempt petition for non-issuance of no dues and release of property and the Corpn. is also pleading against the contempt petition through its counsel, the Corpn. may also charge the legal expenses over and above the principal outstanding Rs.11,235/- as other money without any fault of him. The borrower might have not adhered to the earlier settlement in view of above.

After detailed discussions, the committee noted that since the borrower has already paid the amount as per orders of the Court and also ready to pay the remaining amount of principal, the committee decided to waive the legal expenses incurred / to be incurred by the Corporation for pleading the contempt petition and to recover only principal sum outstanding Rs.11235/- and issue no dues. However, the title documents will be released only after withdrawal of court case by the borrower.

**GENERAL CONDITIONS:**

- 1) Wherever settlement amount is to be paid in installments, 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 u/s 32(G).
- 4) Actual other money not debited so far is to be recovered over & above the settlement amount. Branch Office will let it know to the party about amount of other money, if any, within a month from issue of this order.
- 5) The party shall withdraw court case, if any, before issue of no dues certificate.
- 6) Subsidy, if any, shall be recoverable separately as per norms.

  
Dy. General Manager (RRMD)  
MEMBER-SECRETARY