

One Time Settlement (OTS) Policy of TIDC Ltd.

(As approved in 172nd BOD meeting and 181st BOD meeting)

1. Validity:

The scheme shall be in operation from the date of approval of the Board till further notification.

2. Eligibility Criteria:

a) All the loan accounts coming under “doubtful”/”loss” category as categorized by TIDC as on date of OTS and which continue to be so.

b) The following loanee accounts are also included in the eligible category:

(i) Loanee accounts where primary assets have been taken over and sold.

(ii) Loanee accounts taken over wherein at least 2 advertisements have been made for sale of primary assets and the assets remain either fully or partly unsold.

(iii) Loanee accounts where Personal Guarantee (PG) petitions are filed.

c) Loanee accounts coming under sub-standard category as on 31st March for the particular year and which continue to be so, may also be considered for settlement of dues under OTS subject to obtaining prior approval of the MD on the file accompanied by proper justification.

3. Ineligible Cases:

(i) Loanee accounts of wilful defaults, fraud and malfeasance (evil doing) are not eligible.

(ii) Where TIDC has information that the borrowers are net-worthy and have sufficient properties to repay the loans but trying to thwart the recovery proceeding by resorting to multiplicity of litigation or through other means.

(iii) Value of realizable primary and collateral securities is more than 3(three) times of normal loan dues.

4. Settlement formula:

(A.) Loan with some security									
(I)	(II)								
Where security value is 65% to 100% / more than outstanding amount as on date of OTS	Where security value is more than principal amount but less than 65% of outstanding amount as on date of OTS and where the age of the loan a/c from the date of first disbursement is:								
	Less than 10 years			Between 10 to 20 years			Above 20 years		
	Principal outstanding as on date of OTS plus 40% of interest outstanding including	or	Value of security , which ever is higher	Principal outstanding as on date of OTS plus 20% of outstanding	o	Value of security, which ever is higher	Principal outstanding as on date of OTS plus amount equal to outstanding	or	Value of security which ever is higher

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	Penal Interest as on date of OTS			interest excluding penal interest as on date of OTS	r		Principal amount as lumpsum interest		
Principal outstanding as on date of OTS plus 65% of interest outstanding including Penal Interest as on date of OTS									

(B) Loan without any security		
Below 10 years	Between 10 to 20 years	Above 20 years
Principal outstanding as on date of OTS and 10% interest outstanding	Principal outstanding as on date of OTS plus 5% of interest outstanding	Principal outstanding as on date of OTS

5. Repayment terms and Mode of payment (under this OTS Policy)

a) 10% of the principal outstanding amount(or where the loan balance is zero then the initial amount as down payment is to be computed on principal outstanding before it became Nil) as on date of OTS shall be paid as initial down payment along with letter conveying the loanee's consent for the OTS proposal . This amount will not attract any interest. The OTS proposal shall be processed within two months from the date of receipt of the required information. Such application shall be accompanied with the stipulated initial amount as down payment by way of Demand Draft / Pay Order / Bankers Cheque /NEFT /RTGS in favour of TIDC and application not complying with the initial down payment shall be deemed to be incomplete and shall be rejected summarily by the Head of the Department. No acknowledgement shall be issued for such applications.

b) The OTS communication shall be issued after obtaining approval from the relevant competent authorities. The unit shall send acceptance for OTS to TIDC within 15 days from the date of communication of OTS

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c) The OTS amount communicated shall be paid as follows:

25% of the OTS amount (including the initial payment)	Within 30 days from the date of communication without interest
Balance OTS amount	Within 90 days from the date of communication without interest

The loanee constituents will also be required to submit post dated cheques (PDC) to adhere to the payment terms prescribed under this OTS approval.

(d) However, payments made beyond the above period will carry interest at 14% per annum on compounding interest (CI) basis for the delayed period on the balance OTS amount subject to 100% of the OTS amount being paid within 12(twelve) months from the date of communication and OTS approved under this Policy shall become **automatically invalid/cancelled** after lapse of **12 months** from the date of issue of OTS communication, in which case Requitul Clause under para 8 shall become applicable..

6) Appeal/Review:

(a) Appeal against the OTS amount communicated as above to the borrower may be entertained subject to the borrower making payment of 25% of the OTS amount, within 30days from the date of OTS communication.

(b) Where the OTS is approved by the Board no appeal lies against its decision. However, a review application may be submitted on sufficient grounds to the Board after making payment of 25% of the OTS amount, within 30days from the date of OTS communication.

(c) A decision to accept the appeal/review for consideration or rejection shall be taken within one month from the date of receipt of appeal/ review application or for consideration by the Board in its next meeting whichever is later. In case of reconsideration , the appeal/review should be disposed off within three months from the date of acceptance of the appeal/ review or after such reconsideration by the Board in its next meeting whichever is later.

7) Delegation Of Power:

i) MD, TIDC:

MD, TIDC, is authorized to approve all proposals eligible for issue of OTS offer letter from TIDC for obtaining consent from the loanee units along with the prescribed initial down payment to take-up processing of the OTS proposals.

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Mere issue of OTS offer letter from TIDC shall not in any way construe any right on the part of the loanee units for such consideration of OTS under this Policy. All proposals for consideration under OTS shall be subjected to detailed evaluation as per the norms prescribed in the OTS Policy.

Loan sanctioned under delegated power to MD i.e. loan value amounting upto Rs.2.00 lakhs (Rupees two lakhs) only cases may be decided by MD for OTS subject to ratification by Board.

II) Board:

- (a) Loan amount above Rs.2.00 lakhs (Rupees two lakhs) only.
- (b) All OTS proposals involving write-off of the loan, if any.
- (c) OTS proposals where the promoters do not agree to the settlement amount arrived at based on the above policy guidelines on account of certain genuine factors such as litigation in respect of properties, winding up proceedings, cases where large statutory dues are involved, cases where properties are attached by the Courts, cases where the consortium has adopted a different approach for settlement of the loans etc., be brought before the Board with full facts of the proposals for deliberation and suitable decision by the Board.
- (d) Notwithstanding anything contained herein above, the Board of TIDC may, in respect of the following cases, reject the OTS proposal in the interest of Corporation:

Where the project has failed on account of Mis-management / negligence / willful default of the promoters / guarantors such as the following:

- Deliberate non-payment of dues despite adequate cash flow and good network;
- Siphoning off of funds to the detriment of the defaulting unit;
- Assets financed have either not been purchased or have been sold & proceeds have been mis-utilised;
- Misrepresentation / falsification of records;
- Disposal / removal of securities without TIDC's knowledge;
- Fraudulent transactions by the borrower.

iii) In respect of loan accounts which do not become eligible for OTS under the above guidelines and if these loan accounts still prefer to exit from TIDC then waiver of uncollected penal interest only may be approved by GM (loan) and MD for penal interest amount upto Rs.25,000/- and penal interest amount above Rs.25,000/- respectively subject to proper justification and ratification by Board and only one time payment mode will be allowed .

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8)Rebate For Prompt OTS Payments

i)Rebate of 3% on the approved OTS amount shall be allowed provided the entire OTS amount is paid within 1 (one) month from the date of issue of OTS communication, subject to para (iii) below.

ii) Rebate of 1% on the approved OTS amount shall be allowed provided the entire OTS amount is paid within 2 (two) months from the date of issue of OTS communication, subject to para (iii) below.

iii)Provided however, such rebate for prompt payment shall not result in any further sacrifice of either principal outstanding and or other debits charged to the loanee's account by TIDC.

9) Requitl Clause:

In case of non-payment, as in para 5 and where OTS approval under this policy becomes invalid as provided in para 5(d), TIDC shall have the right of requital. In such an event the sacrifice/concessions under this Policy shall be withdrawn. Any amount realized under the OTS Policy shall be credited to original loan account and **paid amount will be adjusted to firstly to Penal Interest, secondly to interest and remaining amount (if any) to Principal amount** and the original loan agreement shall come into force. TIDC shall/may take necessary steps to initiate legal actions for recovery. The decisions taken by TIDC on the matters relating to implementation of this OTS Policy based on circumstances and merit of the case shall be final and binding and no assisted unit/NPA unit/Guarantor can claim the benefits accruing from this Policy **as a matter of right.**

10. General Guidelines:

(i) The norms and guidelines of this policy will be applicable in cases of all OTS proposal received from the date of approval of this policy by the Board till further notification. All pending OTS proposals where the OTS is not yet approved will be governed by the new policy.

(ii) In the event of disputes and differing interpretations/ connotations on the policy guidelines and its implementation, the decision of the MD, shall be final and binding.

(iii) MD is authorized to relax or modify the time required for obtaining consent letter from the loanee Companies/ Firms/Individuals for OTS and the time schedule for the initial and subsequent payments based on the

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overall assessment of the proposal and risk perception in the interest of TIDC.

(iv) If State/Central subsidy, interest subsidy, insurance claim etc., is received by TIDC subsequent to the OTS approval under this policy, the amount sacrificed by TIDC at the time of OTS approval shall be recovered.

(v) Cases of fraud and malfeasance are normally not eligible for settlement. However, if OTS is found to be a better route for recovery, such cases may be processed with due care, after prior clearance by MD and the Board shall be competent to allow such cases for consideration under this OTS Policy without prejudice to the action / outcome of any criminal cases initiated / to be initiated by TIDC. Further, the assisted unit/Guarantors shall not be absolved from any action of their liability on account of fraud & malfeasance committed.

(vi) Notwithstanding anything contained in this Policy, TIDC reserves the right to accept or reject any application for settlement of loan dues made under this Policy at any stage without assigning any reason thereof. Submission of application under this Policy and / or payment of initial amount in part or full shall not bar TIDC from taking recourse to other alternative measures for recovery of the outstanding dues from the OTS seeking applicant(s).