

2	<p><u>Doubtful loan account Category-B</u></p> <p>The loan account was categorized as doubtful as on 31.3.2004 and remained doubtful for more than five years up to 10 years.</p>	<p>The minimum OTS amount that should be recovered be determined by considering waiver of entire penal/additional interest and rebate forfeited + 100% compound interest (at documented rate effective). The OTS amount recoverable shall in no circumstances be less than 90% of realizable value of primary and collateral security available with the Corporation.</p>
3	<p><u>Doubtful loan account Category-C</u></p> <p>The loan account was categorized as doubtful as on 31.3.2004 and remained doubtful for more than 10 years.</p>	<p>The minimum OTS amount that should be recovered be determined by considering waiver of entire penal/additional interest and rebate forfeited + 100% compound interest (at documented rate) + 50% simple interest recoverable. The OTS amount recoverable shall in no circumstances be less than 90% of realizable value of primary and collateral security available with the Corporation.</p>
4	<p><u>Loss Loan Account-A</u></p> <p>The loan account was categorized as loss account as on 31.3.2004 and where the primary and collateral securities have already been sold of by the Corporation.</p>	<p>The minimum OTS amount that should be recovered be determined by waiver of entire penal/additional interest and rebate forfeited + 100% compound interest and 75% of simple interest recoverable. Waiver should not exceed interest outstanding. No verification of personal assets of borrowers/guarantors be insisted upon in case details are not already available with the Corporation.</p>
5	<p><u>Loss Loan Account-B</u></p> <p>The loan account was categorized as loss account as on 31.3.2004, and where primary and collateral securities have already been sold by the Corporation and revenue authorities have declared the means of the borrower as irrecoverable/verified that borrowers/guarantors do not own any assets and have also furnished certificate or the investigation by the Corporation has revealed that borrowers/guarantors do not own any assets.</p>	<p>The minimum OTS amount that should be recovered be determined by recovering principle + Misc. amount outstanding.</p>

B. NPAs classified as Sub –standard as on March 31, 2004 and became Doubtful subsequently

Category	Minimum OTS amount recoverable.
<p><u>Sub-standard Loan Account</u></p> <p>The loan account was categorized as sub standard as on 31.3.2004 but became doubtful subsequently.</p>	<p>The minimum OTS amount that should be recovered be determined by considering waiver off 100% penal/additional interest, rebate forfeited and 100% compound interest charged on rebate forfeited and additional interest provided the entire outstanding is liquidated within a period of three months. The waiver shall not exceed 25% of the total outstanding loan.</p>

III Calculation of OTS amount:

- i) For calculating minimum OTS recoverable amount, relief /waiver shall be worked out from the date of last default persisting (i.e. the date from which default is continuing) by recasting the amount as per documented rate of interest.
- ii) Calculations of minimum OTS recoverable amount payable by the borrowers under the OTS guidelines be done by adjusting/appropriating the amount received from the borrowers from time to time and amount of sale proceeds of unit and collateral/additional security/adjustment of FDR/NSCs, first towards misc. expenses, then interest and thereafter principal amount.
- iii) Where the borrower has availed more than one loans from time to time, accounts/loans which have already been fully repaid and closed shall not be taken into account for calculating the minimum OTS amount recoverable/ payable under these OTS guidelines and only the accounts/loans which are in currency should be considered.
- iv) Interest on penal/additional interest and rebate forfeited shall not be recoverable under these OTS guidelines.

IV Payment of OTS amount

- i) The one time settlement (OTS) amount arrived at, shall preferably be paid in one lump sum i.e. with in three months of date of issuance of approval letter. No interest is chargeable on OTS amount.
- ii) Where borrowers are unable to pay the entire OTS amount in lump sum maximum permissible repayment period of OTS amount will be of one year. 25% of the approved OTS amount shall be payable upfront (including upfront advance of 10% paid alongwith application) i.e. with in one month of issuance of approval letter and the balance amount of 75% in equal quarterly instalments in one year(including one month for payment of upfront amount) together with interest at the rate of 12.5% on simple p.a w.e.f. cut off date. Interest would be calculated on daily product basis and debited on

quarterly basis on 10th of respective month for the purpose of working out recoverable/payable amount under OTS.

- iii) Power to grant extension in period of repayment of OTS amount (under deferred arrangement) upto one year(in addition to one year period available under these guidelines) shall rest with the Managing Director provided the interest as per policy for the delayed period is paid on the OTS amount.

V Processing of OTS proposals:

- i) Borrowers interested to avail off the benefit under the scheme may apply to the Head Office of the Corporation alongwith upfront advance of 10% of the OTS amount offered.
- ii) OTS case is to be processed only after the receipt of upfront advance of 10% of the OTS amount offered.
- iii) All OTS proposals would be scrutinized by the concerned Recovery Section in the Head office of the Corporation and put up on the prescribed format to competent authority for consideration. Concerned Recovery Incharge would decide whether OTS proposal is to be put up to the competent authority for consideration or not.
- iv) In those cases where securities mortgaged to the Corporation are still in existence, the realizable value of the assets of the unit and collateral/additional security available with the Corporation should be given in the note/memorandum put up to the competent authority in those cases only where principal outstanding is more than Rs.2.00 lacs.
- v) The assessment/evaluation of primary and collateral security shall not be more than one year old on the date of consideration of settlement proposal.

VI Sanctioning Authority:

The **Board of Directors** of the Corporation will be the sanctioning authority in respect of all cases under the OTS guidelines or the concessions/relief are beyond these OTS guidelines, on the recommendations of constituted Advisory Committee under the Chairmanship of Secretary Industries to the Govt. of HP.

VII Other Conditions/stipulations:

- a. In no case OTS amount approved shall be less than Principal and Misc. expenses amount outstanding as per books of account on the date of settlement.
- b. The benefits under these OTS guidelines will be passed on only after the receipt of full amount as per settlement.
- c. Misc. dues present and future shall also be payable by the borrowers in addition to approved OTS amount. A standard condition on this account shall be incorporated in the approval letter.
- d. In case the borrower does not pay the OTS amount in accordance with the approved proposal, the entire concessions and reliefs shall stand automatically forfeited and entire amount as per books of accounts of the Corporation shall be recoverable. A standard condition on this account shall be incorporated in the approval letter.

- e. OTS can not be claimed as a matter of right by the borrowers. The Corporation reserves the right to accept or reject the request for OTS based on overall assessment of the security available, likely recovery under recovery action already initiated and risk perception in the interest of the Corporation.
- f. Proposal for OTS under OTS guidelines can also be submitted by the guarantor(s) or collateral security owner(s), besides the borrower (s).
- g. Any deviation from the above settlement guidelines for any borrower shall be made only by the Board of Directors.

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