

**ONE TIME SETTLEMENT ("OTS") SCHEME – 2018  
FOR PSIDC**

**A. ONE TIME SETTLEMENT POLICY- 2018 FOR "EQUITY INVESTMENT PORTFOLIO"**

**I. Calculation of OTS amount in respect of the following categories**

- i) a) The Collaborators/Promoters of Loss Making Companies or companies where net worth has been eroded (**Based on audited Balance Sheet as on 31.03.2017**)
- b) The collaborators who had entered into a Financial Collaboration Agreement/Buy Back Undertaking with PSIDC for setting up a project and the company promoted for setting up this project or Promoters who have availed the facility of Direct Subscription and that the said company in both cases had been declared sick by the Hon'ble BIFR and orders for change of management had been made and where the change of management had taken place, however, the liability of buy-back of equity investment of PSIDC still remained with the original collaborators/Promoters.
- c) The collaborators/promoters who have failed to implement the project or start commercial production as envisaged in the Financial Collaboration Agreement, but had availed part or full equity contribution from PSIDC.

**OTS AMOUNT :- Outstanding amount of investment plus expenses in current account (CCA) with PSIDC.**

ii) **Profit making companies**

**"A profit making company is one which is having positive Reserves & Surplus"**  
**(Based on audited Balance Sheet as on 31.03.2017)**

Outstanding amount of investment plus Simple interest @ 11% p.a. from the date of disbursement upto the cut off date (on reducing balance basis as was provided in the Equity OTS Policy 2003-04) less amount already paid plus expenses in current account (CCA).

**II. Terms of Payment**

- (a) **Receipt of Applications – Within 90 days from the date of Notification.** This OTS policy is close-ended. No applications will be entertained after the last date mentioned herein.
- (b) **Cut Off Date –** OTS amount will be calculated on cut off date fully described in **other terms & conditions** hereinafter.



- (c) **Interest to be charged on OTS amount** – Interest on OTS amount shall be charged @ **10%** per annum (compounded quarterly) for the period from the cut off date upto the date on which letter of acceptance of OTS is issued by PSIDC.
- (d) **Lump-sum payment** – Collaborators/Promoters/Guarantors of the companies **opting for lump-sum payment** within 90 days of conveying of acceptance by PSIDC **shall be eligible for rebate of 5% on the interest portion of the OTS amount.** No interest shall be charged, in case lump-sum payment is made within 90 days of the date of acceptance of the proposal by PSIDC. However, this option has to be exercised at the time of application.
- (e) **If the OTS payment is made beyond** a period of **90 days** in equated quarterly instalments, interest @ **10%** p.a., compounded quarterly, shall be charged from the date of acceptance upto the date of receipt of full & final payment.

### III. Payment Schedule

- (a) Down payment of atleast **15%** of the tentative OTS amount, by way of Demand Draft alongwith application.
- (b) Atleast **30%** of OTS amount (**inclusive of the 'down payment of 15%' already received alongwith interest @ 10% p.a. from cut off date to the date of letter of OTS**) within a period of 30 days from the date of issuance of OTS acceptance letter by PSIDC.
- (c) **Balance 70%** of the OTS amount shall carry interest @ **10%** per annum (compounded quarterly) and payable **in eight equated quarterly instalments.**

### IV. Other Terms & Conditions

- (i) Post dated Cheques (PDCs) on quarterly basis.  
It is clarified that the Promoter(s)/Collaborator(s)/Guarantor(s) shall be depositing PDCs for the balance amount with a proviso that the same would be replaced on or before due date by a Demand Draft/Pay Order. However, in the event of dishonouring of a cheque, it shall be obligatory on the part of the Promoter(s)/Collaborator(s)/Guarantor(s) to deposit the due amounts alongwith interest at the stipulated rate and liquidated damages @ 3% per annum to be calculated on the defaulted amount for the defaulted period failing which PSIDC would be at liberty to take further necessary action, as it may deem expedient in terms of the covenants of the undertaking for buy back/financial collaboration agreement after considering the OTS as cancelled.

In case the default, as per the terms & conditions of the OTS Policy, continues for more than six months, then the OTS shall be cancelled without any notice and the payment received under this OTS Policy shall be adjusted as per the covenants of the Financial Collaboration Agreement/Buy back Undertaking.

- (ii) Multiple equity investments to be settled simultaneously.

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- (iii) Where a collaborator/promoter/guarantor does not come forward for OTS within 90 days of the notification of the Equity OTS Policy-2018 and if other Co-promoter(s)/Guarantor(s) offer to settle the dues under OTS, then final opportunity shall be granted to the Collaborator/guarantor(s) by way of Public Notice of 21 days to come forward for OTS. In the event, original collaborator/guarantor(s) still does not come forward for OTS, the other Co-promoter(s)/Guarantor(s) shall be allowed to opt for settlement under the Policy within next 15 days of the expiry of the final opportunity to the original collaborator. After receipt of the full & final payment of the OTS amount, shares issued towards equity investment, shall be transferred to the Co-promoter(s)/Guarantor(s) opting for OTS. However, the pledged shares shall be released to the person(s) who have pledged the shares.
- (iv) Collaborators/Promoters of companies opting for OTS shall withdraw their Court cases filed, if any, either by the Collaborators and/or the Promoters and/or the Company. Similarly, the arbitration proceedings in progress in each of such a case where Collaborators/Promoters opt for OTS under this Policy shall remain abated during the repayment period of the OTS amount and upon receipt of full & final payment, the arbitration proceedings from either side i.e., whether by the Corporation or by the Collaborator shall stand dropped forthwith.
- (v) For the amount deposited by the Promoters/Collaborators and lying in 'No Lien Account' and which is acknowledged by PSIDC, the credit shall be given on the cut off date by deducting the same from the OTS amount worked out under this OTS Policy. No benefit of interest will be given on the amount lying in the 'No Lien Account'.
- (vi) Shares shall be transferred on receipt of entire payment as due under the OTS Policy.
- (vii) Under the policy, the **cut off date for applications received on or before 15<sup>th</sup>** of the month, will be the **last date of the preceding month** and the **cut off date for applications received from 16<sup>th</sup> onwards** till the last date of the month, will be **15<sup>th</sup> of that month**.
- (viii) The **OTS amount**, in any case, **shall not be less than outstanding principal** investment in addition expenses in current account CCA.
- (ix) **There will be no refund of any excess amount, if so worked out under this OTS Policy.**

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**B. ONE TIME SETTLEMENT POLICY-2018 FOR "LOAN PORTFOLIO" FOR PSIDC & JOINT FINANCED CASES WHERE PSIDC IS IN LEAD**

**I. Eligibility Criteria:**

All **non-performing assets** as on **31.3.2017** as per the Corporation's Books of Accounts and certified by its Internal Auditors.

**II. Calculation of OTS Amount**

**(i) Loan cases where Primary and Collateral Security has not yet been sold:**

Outstanding amount of principal **plus** expenses in the current account (CCA)

**OR**

The average of the market value of the prime security **or** realizable value as assessed by the two valuers on the panel of the financial institutions whichever is higher of the two **plus** value of collateral security, if any, considered at the time of disbursement of the loan by the Corporation to the loanee company. However, in case of jointly financed cases, the valuation of securities shall be proportionate to the charge available with the Corporation.

**(ii) Loan cases where only Prime Security has been sold:**

Outstanding amount of principal **plus** expenses in the current account (CCA) **plus** value of collateral security considered at the time of disbursement of the loan by the Corporation to the loanee company **less** amount of sale proceeds realized from the sale of prime security. However, in case of jointly financed cases, the valuation of securities shall be proportionate to the charge available with the Corporation.

**(iii) Loan cases where Primary & Collateral Security has been sold and no tangible security (or security having no realizable value i.e. pledged shares having no realizable/market value):**

Outstanding principal in addition CCA expenses less amount of sale realized from the sale of prime and collateral security.

**Note:-1** In case of companies where PSIDC has participated by way of direct subscription into the equity of the companies and extended financial assistance by way of loan also, the excess amount from sale of assets, if any, after adjusting the OTS amount calculated under the OTS Policy 2018 for Loans Portfolio, can be adjusted towards the One Time Settlement amount of direct subscription. However, if there is any shortfall, the

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same has to be paid by the promoters and their associates.

**Note:-2** In any case, in respect of category (i) above, if the OTS amount works out to more than the principal outstanding, then any amount received prior to cut off date and credited to interest account, shall not be adjusted against the calculated OTS amount under the Policy.

**Note:-3** In any case in respect of categories (ii) & (iii) above, if the amount of sale proceeds exceeds the OTS amount, so calculated, then the excess amount remaining after adjusting against OTS amount and earlier received from the sale of assets and credited to interest account, shall not be refunded.

**Note:-4** **Status of all** the above **categories** of companies shall be determined as on the "**31<sup>st</sup> March, 2017**".

**Note:-5** CCA is expenses incurred by Corporations on behalf of the company/collaborator.

### III. Terms of Payment

- (a) **Receipt of Applications – Within 90 days from the date of Notification.** This OTS policy is close-ended. No applications will be entertained after the last date mentioned herein.
- (b) **Cut-Off Date** – OTS amount will be calculated on cut off date fully described in other terms & conditions hereinafter.
- (c) **Interest to be charged on OTS amount** – Interest on OTS amount shall be charged @ **10%** per annum (compounded quarterly) for the period from the cut off date upto the date on which letter of acceptance of OTS is issued by PSIDC.
- (d) **Lump-sum payment – Collaborators** of the companies **opting for lump-sum payment** within 90 days of conveying of acceptance by PSIDC **shall be eligible for rebate of 5% on the interest portion of the OTS amount.** No interest shall be charged, in case lump-sum payment is made within 90 days of the date of acceptance of the proposal by PSIDC. However, this option has to be exercised at the time of application.
- (e) **If the OTS payment is made beyond a period of 90 days, balance 70% of OTS amount will be repaid** in eight equated quarterly instalments, interest @ **10%** p.a., compounded quarterly, shall be charged from the date of acceptance upto the date of receipt of full & final payment.

### IV. Payment Schedule

- (a) Down payment of atleast **15%** of the tentative OTS amount, by way of Demand Draft alongwith application.

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- (b) Atleast **30%** of OTS amount (**including the down payment already received alongwith interest @ 10% p.a. from cut off date to the date of letter of OTS**) within a period of 30 days from the date of issuance of OTS acceptance letter by PSIDC/PFC.
- (c) **Balance 70%** of the OTS amount shall carry interest @ **10%** per annum (compounded quarterly) and payable **in eight equated quarterly instalments.**

#### V. Other Terms & Conditions

- (i) Post dated Cheques (PDCs) on quarterly basis.  
It is clarified that the loanee companies shall be depositing PDCs for the balance amount with a proviso that the same would be replaced on or before due date by a Demand Draft/Pay Order. However, in the event of dishonouring of a cheque, it shall be obligatory on the part of the company to deposit the due amounts alongwith interest at the stipulated rate and liquidated damages @ 3% per annum to be calculated on the defaulted amount for the defaulted period failing which PSIDC/PFC would be at liberty to take further necessary action, as it may deem expedient in terms of the covenants of the loan agreement after considering the OTS as cancelled.

In case the default, as per the terms & conditions of the OTS Policy, continues for more than six months, then the OTS shall be cancelled without any notice and the payment received under this OTS Policy shall be adjusted as per the covenants of the Loan Agreement.

- (ii) Multiple loans as well as equity and seed capital, if applicable, to be settled simultaneously. However, the date of default for each loan shall be determined separately and calculation of OTS amount for each loan shall be made independently. If alongwith loan, equity or contribution in any other manner whatsoever has also been granted by the Government, PSIDC/PFC, the same has to be settled simultaneously. In case the Promoter/Collaborator wants to settle only equity, it can do so under the OTS Policy for Equity Investment.
- (iii) In case of Bridge loan against State subsidy, if one of the guarantors opts for settling the complete dues under OTS for the Bridge loan granted against the State Subsidy and thereafter, the amount of State Subsidy is released by the Department of Industries, Govt. of Punjab, the same shall be repaid to such guarantor.
- (iv) Companies opting for OTS, shall withdraw their cases in Court(s)/DRT/BIFR/AAIFR etc; if any.
- (v) For the amount deposited by the Companies with PSIDC and lying in 'No Lien Account' and which is acknowledged by PSIDC, the credit shall be given on the cut off date by deducting the same from the OTS amount worked out under this OTS Policy. No benefit of interest will be given on the amount lying in the 'No Lien Account'.

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- (vi) Under the policy, the **cut off date for applications received on or before 15<sup>th</sup>** of the month will be the **last date** of the **preceding month** and the **cut off date for applications received from 16th onwards** till the last date of the month, will be **15<sup>th</sup> of that month**.
- (vii) PSIDC shall initiate/continue/conclude legal recourse under SARFAESI Act/DRT/u/s 29 of SFC'S Act & u/s 32(G) of SFC's Act, against companies not opting for this OTS Scheme.
- (viii) In jointly financed cases of PSIDC & PFC, the OTS policy of lead institution (Having Original Title Deed of mortgage property) shall be applicable.
- (ix) As per Clause (ii) above, multiple loans to be settled simultaneously. However, a guarantor may be allowed to settle all such loans under clause (ii) above, where he/she is promoter/guarantor independently without linking the settlement of other loans availed by the company where he/she is not a promoter/guarantor. As regards the remaining loans, the other promoters/guarantors shall not be absolved of their obligations to the Corporation.
- (x) **Cases of Willful Defaulters as already determined under the previous OTS Policy-2009, shall also be eligible for the benefits of OTS under this Policy.**
- (xi) The **OTS amount**, in any case, **shall not be less than principal** in addition expenses in current account with PSIDC.
- xii) **There will be no refund of any excess amount, if so worked out under this OTS Policy.**
- (xiii) The equity/loan cases of the collaborators/companies not opting under this OTS Policy-2018 as also of all those whose OTS proposal is not accepted or finalized for any reason, shall be transferred to an Asset Reconstruction Company (**ARC**) or other financial institution. In all such cases, the Corporation will initiate the process of transfer of assets to ARC or other financial institution immediately upon expiry of the validity period of this OTS Policy-2018.
- (xiv) The loanee concerns/Financial collaborators who have availed loan(s)/equity from PSIDC, do not opt for OTS or their OTS request is not accepted or do not pay the entire OTS amount as per terms and conditions of OTS after opting under this policy or the settlement is not completed for any reason, their particulars/details shall be intimated to the Reserve Bank of India [RBI] to notify them as defaulters and not to be eligible for further financial assistance of any kind from Banks and financial institutions for such concern(s) and/or his/her other associate concerns/group companies/subsidiary companies/ Associate companies.

**Foot Note: The Company would mean all type of borrowers.**

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