



PUNJAB STATE INDUSTRIAL DEVELOPMENT CORPORATION LTD

OTS POLICY FOR SETTLEMENT OF EQUITY/LOANS OF PSIDC, 2017

NOTICE

All such prospective collaborators/promoters and/or borrowers of the loanee companies, who had availed financial assistance from PSIDC by way of Equity and/or loans but their dues still remain to be paid, are hereby informed that pursuant to the approval of OTS Policy – 2017 by the Council of Ministers of the State Govt., the same has also been adopted by the Board of Directors of PSIDC. This OTS Policy for Loans & Equity – 2017 is open for 90 days from the date of publication of this notice.

For information of all concerned, this OTS Policy has been uploaded on Punjab Govt. web-site viz., www.punjab.gov.in under the link '**Acts, Rules and Notifications**' and also on the web-site of Punjab Bureau of Investment Promotion viz., www.investpunjab.gov.in

For any further clarification(s), please contact:

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ONE TIME SETTLEMENT ("OTS") SCHEME – 2017 FOR PSIDC, PFC & PAIC AND ITS SUBSIDIARY COMPANIES

A. ONE TIME SETTLEMENT POLICY- 2017 FOR "EQUITY INVESTMENT PORTFOLIO"

I. Calculation of OTS amount

- i) **Loss making companies:**
(Based on audited Balance Sheet as on 31.03.2016)
Outstanding amount of investment plus simple interest @ 10% p.a. from the date(s) of disbursement(s) upto the cut off date **less already paid** plus expenses in current account [CCA] with PSIDC.

- ii) **Sick Companies:**
(Based on audited Balance Sheet as on 31.03.2016)
 - a) Company(ies) where entire net worth has been eroded as on 31.03.2016, **outstanding amount of investment plus expenses in current account (CCA) with PSIDC.**

 - b) The collaborators who had entered into a Financial Collaboration Agreement with PSIDC/PAIC 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 company 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/PAIC still remained with the original collaborators/Promoters, such Collaborators/Promoters shall be allowed to settle their commitment of buy-back of equity at **outstanding amount of investment plus CCA expenses in current account with PSIDC/PAIC.**

 - c) The collaborators 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/PAIC, shall be allowed to settle their commitment of buy back of equity at **outstanding amount of investment plus expenses in current account (CCA) with PSIDC/PAIC.**

- iii) **Profit making companies:**
(Based on audited Balance Sheet as on 31.03.2016)
Outstanding amount of investment Plus Simple interest @ 15% p.a. from the date of disbursement upto the cut off date less amount already paid plus expenses in current account (CCA).

However, in case of companies where shares are listed on the recognized stock exchange(s), the OTS amount under this policy shall not be less than the market value of shares held by PSIDC or PAIC and the market value shall be determined as follows:-

Number of shares held by PSIDC or PAIC multiplied by the highest market share price quoted at any of the recognized stock exchange(s) in India during the last three months from the cut off date.

Note: CCA (Company's Current Account) i.e. is expenses incurred by Corporations on behalf of the company/collaborator.

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 @ **12%** 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 @ **12%** 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 **20%** of the tentative OTS amount, by way of Demand Draft alongwith application.
- (b) Atleast **40%** of OTS amount (***inclusive of the 'down payment of 20%' already received alongwith interest @ 12% 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 60%** of the OTS amount shall carry interest @ **12%** 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.
- (ii) Multiple equity investments to be settled simultaneously. If alongwith equity, loan or contribution in any other manner whatsoever has also been granted by the Government, PSIDC/PFC/PAIC or its subsidiary Corporations, the same has to be settled simultaneously.
- (iii) Where a collaborator/promoter/guarantor does not come forward for OTS within 90 days of the notification of the Equity OTS Policy-2015 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 under previous OTS/settlement and lying in 'No Lien Account' and which is acknowledged by PSIDC, the credit shall be given from the date, it was transferred to the Corporation's Bank Account till the cut off date @ 10% simple interest.

- (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 15th** 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 **15th of that month**.
- (viii) The **OTS amount**, in any case, **shall not be less than outstanding principal** investment plus expenses in current account CCA.
- (ix) **There will be no refund of any excess amount, if so worked out under this OTS Policy.**

B. ONE TIME SETTLEMENT POLICY-2017 FOR "LOAN PORTFOLIO"

I. Eligibility Criteria:

All **non-performing assets** as on **31.3.2016** as per the Corporation's Books of Accounts and certified by its Internal Auditors.

II. OTS Amount

- (i) **The amount outstanding (Prin. + Intt.) on the 1st date of Default (duly certified by a Chartered Accountant on the panel of PSIDC) plus any amount disbursed after first date of default and simple interest @ 10% p.a.** is to be charged from respective dates – Less any amount paid after the 1st date of default in principal account is to be deducted on the respective date(s) of payment upto the cut-off date of the Policy plus expenses in current account [CCA] with PSIDC. The benefit of interest amount paid by the borrower after 1st date of default shall be given on the cut off date.
- (ii) The loan cases **where all the mortgaged securities, primary and collateral, if any have been sold by the lending institutions i.e. PSIDC/PAIC, the OTS amount shall be, outstanding principal plus CCA expenses** on the cut off date.
- (iii) In cases where prime security has already been sold and only collateral security is yet to be sold, the OTS amount may be settled at the outstanding principal + CCA + value of collateral security by taking the average of two values carried out by the two valuers, after the cut off date, on the panel of the financial institutions.

Note: **Status of all the above categories** of companies shall be determined as on the **"31st March, 2016"**.
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 @ **12%** per annum (compounded quarterly) from the cut off date to the date of issuance of OTS acceptance letter.
- (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 60% of OTS amount will be repaid** in eight equated quarterly instalments, interest @ **12%** p.a., compound-ed quarterly, shall be charged from the cut-off date upto the date of receipt of full & final payment.

IV. Payment Schedule

- (a) Down payment of atleast **20%** of the tentative OTS amount, by way of Demand Draft alongwith application.
- (b) Atleast **40%** of OTS amount (**including the down payment already received alongwith interest @ 12% 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/PAIC or its subsidiary Companies.
- (c) **Balance 60%** of the OTS amount shall carry interest @ **12%** 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/PAIC or its subsidiary Companies 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.

- (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/PAIC or its subsidiary Companies, the same has to be settled simultaneously.
- (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 amounts deposited by companies with PSIDC under previous OTS/settlement and lying in 'No Lien Account' and which is acknowledged by PSIDC, the credit shall be given from the date, it was transferred to Corporation's Bank Account till the cut off date @ 10% simple interest.
- (vi) Under the policy, the **cut off date for applications received on or before 15th** 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 **15th 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) This Policy shall also apply to the jointly financed cases of PSIDC/PFC/PAIC or its subsidiary corporations/companies.
- (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** plus 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-2017 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-2017.
- (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.*