

“POLICY FOR COMPROMISE SETTLEMENT OF LOSS ACCOUNTS OF HARYANA FINANCIAL CORPORATION-2021”

1. SHORT TITLE AND COMMENCEMENT

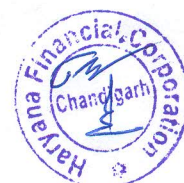
This policy will be called **“The Policy for Compromise settlement of Loss Accounts of Haryana Financial Corporation-2021”**. This policy shall come into force with immediate effect.

2. CATEGORIES OF ACCOUNTS TO WHICH THIS POLICY APPLY:

- a) This policy will cover all the accounts/borrowers of HFC which have become loss assets upto 31.3.2018 irrespective of the date of sanction of loan. The Policy will also cover written off Loss Accounts.
- b) The settlement scheme shall be non-discriminatory and therefore the settlement amount shall not be linked with the value of personal properties (not mortgaged) of the borrowers/guarantors available/attached by the collectors.
- c) This policy shall also cover doubtful Loan A/cs where no immovable property has been mortgaged as per the then prevailing policy or the mortgaged property has been disposed off and movable assets i.e. machinery/stocks have also been disposed off by the borrower/not available for disposal.
- d) This policy will not cover cases where the Corporation had approved settlement under any of the ongoing scheme or previous settlement schemes of the Corporation and settlement has not been cancelled till 31.05.2021. However, Managing Director is authorized to revive earlier pending OTS approved cases, in case the borrower is agreeable to clear the balance outstanding OTS amount along with applicable normal interest till the date of final payment. No penal interest shall be charged in such cases.
- e) This policy would also cover cases pertaining to Lease Finance, bridge loans, Working Capital Term Loans/ Working Capital Loans and Soft Loan Cases.
- f) This Policy, however, will not apply in respect of cases already settled and no old case would be reopened.

3. ELIGIBILITY

- a) All loan accounts which have been categorized as ‘Loss Account’ up to 31.3.2018 thereby meaning that the securities pledged to the Corporation both Primary as well as Collateral have been disposed off and Agreement to Sell stands executed or 100% of sale amount stands received by the Corporation in the process of its recovery by the Corporation, are eligible under the Scheme.



b) Doubtful Loan A/cs where no immovable property has been mortgaged as per the then prevailing policy or mortgaged property has been disposed off and movable assets i.e. machinery/stocks have also been disposed off by the borrower/not available for disposal.

4. SETTLEMENT FORMULA – AMOUNT & CUT OFF DATE

For loss cases, to arrive at the recoverable amount, the account will be recasted by waiving off the misc. expenses (including legal and security expenses) charged/ received from the borrower since beginning and by appropriating the amount realized by way of sale of mortgaged assets by the Corporation or sale by promoters/ guarantors/ mortgagers with the permission of the Corporation or by order of any court, on the date of sale first against principal amount and balance, if any, will be adjusted against the outstanding interest. However, the normal recoveries will be adjusted first against outstanding interest and thereafter, the balance amount will be adjusted against the outstanding principal amount as per the existing practice. Amount recovered is not to be appropriated against misc. expenses as they are to be waived off.

The minimum amount that should be recovered under the policy in respect of loans classified as loss upto March 31, 2018 would be principal outstanding as on date after recasting of Sale Proceeds and waiver of misc. expenses.

If, after recasting the loan account by appropriating the amount realized by way of sale of mortgaged assets by the Corporation first towards principal and balance towards interest becomes negative, the borrower shall not be entitled for any refund and the account shall be taken as settled. No down payment will be taken in those cases where the account stands adjusted by adopting this formula.

Soft Loan/Soft Seed Capital Accounts:

In the cases of Soft Loan/Soft Seed Capital, such accounts may be settled at principal amount plus services charges @ 1% to 5% as applicable and by waiving off misc. expenses, by recasting the ledgers while arriving at the settlement amount.

5. GENERAL TERMS OF PAYMENT

i) The application under this scheme shall be made to the Corporation along with non-refundable down payment of 10% of the Principal outstanding as per memorandum loan ledger (after recasting) by Demand Draft/RTGS as down payment. However, if, after recasting the loan account by appropriating the amount realized by way of sale of mortgaged assets by the Corporation first towards Principal and balance towards interest becomes negative, the borrower shall not be entitled for any refund and the account shall be taken as settled. No down payment will be taken in those cases where the account stands adjusted by adopting this formula.

ii) The settlement amount can be paid by the borrower within 60 days without interest from the date of issue of approval letter of the settlement in terms of this policy or alternatively:



- a) Within one month from the date of issue of approval letter of the settlement, the borrower shall make payment equal to 25% of the settlement amount less 10% down payment amount already deposited along with the application.
- b) The balance 75% amount shall be paid within one year from the date of issue of approval letter of settlement by the Corporation in 4 equal quarterly installments together with interest @13.5% p.a. from the date of approval of settlement up to the date of final payment. The interest accrued on the settlement amount in such cases shall be required to be paid in quarterly installments.
- iii) The borrower will also give an affidavit to the effect that he will not dispute the settlement amount in any Court of Law and will also withdraw the Court Cases filed by him against the Corporation, if any or obtain consent decree from the court(s)/ DRT/BIFR.

6. SANCTIONING AUTHORITY

The Sub Committees constituted by the Board of the Corporation for approving the settlement shall be the competent authority to take decision on the Compromise Settlement of Accounts as per the provisions of this policy.

All the cases approved by the Sub Committee will be placed before the Board for information. Cases not covered under the provisions of this policy will, however, be placed before the Board for approval.

7. EFFECT OF THIS POLICY ON CRIMINAL LIABILITIES

The settlement under this policy shall be without prejudice to any criminal liability against the borrowers/guarantors that may arise due to any competent enquiry/investigation.

8. In the event, any of the One Time Settlement conditions do not get fructified, the amount received under this scheme alongwith the upfront amount shall be considered as if the same was received in the normal course under the account and shall be adjusted accordingly.
9. In case of failure on the part of the promoter/ guarantor/ company to make the payment of OTS amount as per the approved settlement, Managing Director, HFC is authorized to revoke the One Time Settlement or allow extension considering merits of each case upto a maximum period of one year. The borrower shall be required to pay additional interest @ 3% p.a. for the extended period.

10. DEVIATION ONLY BY BOARD

The Board of Directors shall be competent authority to grant any relaxation in this policy on case to case basis or to amend this policy in general, based on the recommendations of Sub-Committee constituted by the Board for approving the settlement in cases which involve deviation from this policy.



11. INTERPRETATION OF THE PROVISIONS OF POLICY

If any question arises relating to the interpretation of any of the provision of this policy, it shall be referred to the Board of the Corporation for decision and the decision of the Board of the Corporation shall be final.

- The Corporation shall have a final right to accept or reject any settlement proposal made under this policy without assigning any reason.

LAST DATE FOR RECEIPT OF APPLICATIONS FROM BORROWERS WOULD BE AT THE CLOSE OF BUSINESS ON 30/11/2021.

