

## One Time Settlement Scheme of MPFC

1. The scheme is **Non-Discretionary and Non-Discriminatory [NDND]** for OTS with NPA borrowers and shall be applicable to all eligible loan accounts irrespective of the sanctioned loan amount.
2. Henceforth, there shall be only one OTS Scheme for resolution of entire NPA portfolio of the Corporation.
3. **Coverage of the Scheme/Eligibility Criteria-**
  - i. All loan accounts which are in NPA category for last 3 years (presently the **Reckoning Date** shall be 31<sup>st</sup> March, 2021).
  - ii. All suit filed and decreed accounts are eligible. The settlement will be subject to consent/consent decree/necessary order from the Court/Lok Adalat/DRT.
  - iii. All accounts under Consortium or Multiple Banking arrangements are also eligible to be covered under the proposed scheme. If OTS is agreed upon amongst members of the consortium, we may consider such cases under this scheme. However, MPFC's share of OTS amount should not be inferior to that of any of the lenders in the consortium. However, higher amount can be accepted.
  - iv. Cases referred or admitted to NCLT under IBC 2016 are eligible subject to withdrawal of case from NCLT as per IBC proceedings.

### Exclusions

- a. Suspected fraud accounts/Wilful Defaulters/Non-Cooperative Borrower of MPFC or any other Bank/SIDBI
- b. The loan cases already settled by the Corporation shall not be eligible.
- c. Cases which are Standard with other lenders.

### 4. Outstanding balance for consideration of the OTS-

- 4.1 The outstanding amount under OTS-NDND for eligible cases shall be ascertained as per details given below:

<b>A</b>	Outstanding balance as on cut off date i.e. 31 <sup>st</sup> March, 2024*
<b>B</b>	Add: Disbursement & expenses, if any, after 31 <sup>st</sup> March, 2024
<b>C</b>	Less: Recoveries effected till date after 31 <sup>st</sup> March, 2024
<b>D</b>	Net outstanding amount = A + B - C

\*the cut off date shall be extended by one year every year e.g. for FY 2025-26, the cut off date would be 31<sup>st</sup> March, 2025.

### Definition:

1. **Outstanding balance:** It is the crystallized liability as on cut off date, which includes Principal outstanding, overdue Interest and overdue Further/Penal Interest and other charges upto the cut off date.
2. **Recoveries:** It shall be the recoveries adjusted against the principal, interest(s) and others, if any, after the cut off date till date.



3. *In case of takeover units and takeover and sold units, the interest shall be charged till the date of takeover.*
4. *The sale price received, to be deducted from the principal outstanding irrespective of earlier accounting treatment given.*

### Ascertainment of OTS Amount

The one time settlement amount shall be ascertained based on asset classification as per details given hereunder:-

Asset Category as on Cut off date	% of Secured portion of Outstanding balance [D of Table 4.1]	% of Unsecured portion of Outstanding balance [D of Table 4.1]
[1]	[2]	[3]
Doubtful-A Accounts	80%	25%
Doubtful-B Accounts	75%	15%
Doubtful-C Accounts	70%	15%
Loss Accounts	70%	15%
<b>Acceptable OTS amount</b> will be sum of Column No. [2] (OTS amount for Secured Portion) and Column No. [3] (OTS amount for Unsecured Portion)		

### 5. Valuation of Securities:-

- 5.1 The realizable value of securities as per the latest valuation report should be considered for calculating the secured portion and unsecured portion of outstanding.
- 5.2 The valuation shall be obtained from empanelled valuer and the internal technical team shall verify and approve the valuation report and then it shall be placed before competent authority.
- 5.3 In case of missing machine/equipment/damaged assets at site/assets sold without permission, full value at the time of disbursement shall be taken while arriving at valuation without any depreciation/reduction.
- 5.4 Accounts where MPFC is having pari-passu charge with other lenders, proportionate value may be considered.

### 6. Payment Terms

S.No.	Particulars	% OTS Amount
01.	Upfront payment alongwith application	10%
02.	Payment within one month of OTS approval	20%
03.	Balance amount in 2 equal monthly instalment	70%
	<b>Total</b>	<b>100%</b>

### 7. Delay Period Penalty

The delay period penalty shall be charged on the **amount paid after the stipulated period** as per table given hereunder:-



Particulars	Amount paid within Stipulated Period	Delay Period Penalty
OTS Amount Payment	50% or more	2% p.a.
	25% to 50%	3% p.a.
	10% to 25%	4% p.a.
	Less than 10%	5% p.a.

*This shall be applicable to all existing and future OTS cases.*

## 8. Power Delegation

Competent Authority	Composition
Recovery Committee	Managing Director 1 Director from SIDBI, 1 Director from LIC & General Manager/ Dy.General Manager

## 9. Other conditions/ features

- 9.1 No refund / adjustment of any amount already paid under any of the earlier OTS schemes shall be allowed.
- 9.2 If the borrower fails to honour the OTS payment as per approved schedule, the OTS may be cancelled and the payments received till such time shall be adjusted against the outstanding amount prior to approval of OTS proposal as per extant guidelines. However, OTS may be restored with the approval of the Managing Director subject to payment of entire OTS amount alongwith delay period penalty in one instalment.
- 9.3 The borrower shall undertake and withdraw case(s), if any, filed against MPFC on receipt of settlement letter/convey of compromise approval.
- 9.4 The legal proceedings filed against the borrower by the MPFC shall be withdrawn only after receipt of entire settlement amount.

## 10. OTS Cancellation

If the borrower fails to pay any amount within the stipulated period, the OTS shall be treated as cancelled and the 10% upfront amount deposited alongwith the application shall be adjusted in the original loan outstanding. However, OTS may be restored with the approval of the Managing Director subject to payment of entire OTS amount alongwith delay period penalty in one instalment.

## 11. Processing Fee

A non-refundable processing fee of Rs. 25000/- shall be levied and OTS proposal shall be processed only after receipt of fee.

