



**OTS Policy (FY 2012-13)**  
**The validity of the OTS Policy**  
**- FY 2012-13 has been extended**  
**upto**  
**March 31, 2017**  
**OR**  
**Introduction of New**  
**OTS Policy, whichever is earlier**

**Announcement**

**OTS Policy (FY 2012-13) has been extended up to March 31, 2017**

**Karnataka State Industrial and Infrastructure Development Corporation Limited**

**OTS Policy Guidelines (FY 2012-13)**

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No. MD /146 /2012-13

1<sup>st</sup> October 2012

**NOTIFICATION**

**Sub: New OTS Policy (FY 2012-13).**

A new OTS Policy (FY 2012-13) is being introduced effective from today.

2. This new policy is introduced after taking into consideration the status of present Non Performing Loan Assets (NPA's) outstanding in the books of KSIIDC. While evolving this policy, a new approach has been taken by factoring realizable value of the assets secured to KSIIDC, be it primary, collateral or guarantees extended by the guarantors as also the age of NPA, age of court cases and time required for fructification of the legal cases. Further, this policy has reckoned a new transparent and scientifically designed modular method of computing the "One Time Settlement" (OTS amount). Under this policy, the interest is to be computed on Simple Interest basis and not on Compound Interest basis.

3. The Board of Directors of KSIIDC have approved this new OTS policy (FY 2012-13) and through this notification the same will come into force from 1<sup>st</sup> October 2012 and would be valid upto 31<sup>st</sup> March 2013.

4. A copy of this notification alongwith the new OTS Policy (FY 2012-13) be displayed on the website of KSIIDC.

(Dr. SANDEEP DAVE)  
 Managing Director

Copy to:

ED  
 GM / DGMs- HoD's.

## **OTS POLICY GUIDELINES (FY 2012-13)**

### **1. Preamble:**

- 1.1 KSIIDC has approved a new OTS Policy (FY 2012-13) and the same has been notified by the Managing Director vide Notification No. MD /146 /2012-13 dated 1<sup>st</sup> October 2012, a copy of which is enclosed.
- 1.2 In pursuance of the above, the new OTS Policy (FY 2012-13) has come into force with effect from 1<sup>st</sup> October 2012 and will be valid upto 31<sup>st</sup> March 2013.

### **2. OTS Policy (FY 2012-13) - Parameters**

- 2.1 Keeping in view the above, this OTS policy (FY 2012-13) has considered the realizable value in the present condition of plant and machinery, apart from realizable market value of the property / personal guarantees of guarantors, the age of NPA, age of court cases and time required for the legal cases to fructify. Accordingly, status of available primary/collateral security properties, its salability, net worth of the promoters/guarantors, litigations/court cases, number of times that the assets have been brought up for sale have been factored in this OTS Policy.
- 2.2 The approach of this OTS policy is to reach the NPA assisted unit/ borrowers by moving away from the conventional method of computing OTS amount to a new transparent and scientifically designed modular method of computing the “one time settlement” (OTS) amount.
- 2.3 Under this OTS policy, the criteria for arriving at the OTS amount is the strength or the weakness of the loan account irrespective of the amount outstanding, with or without interest. Under this OTS policy, interest is to be computed on **simple interest basis and not on compound interest basis.**
- 2.4 Valuation of primary securities is to be on **“going concern”** or **“not a going concern”** basis, keeping in view the use, wear and tear, obsolescence, availability of spares, the period of closure of the assisted unit.

### 3. Bench Marks under OTS Policy (FY 2012-13)

3.1 Taking into consideration the above parameters and the status of the residual loan assets, “Bench Marks” are used for processing the eligible OTS cases. These are as follows:

- Realizable value of primary assets being plant and machineries, land and building.
- Realizable value of collateral assets being immovable and moveable securities.
- Present net worth of the Guarantor/s based on personal properties identified and/or declared/assessed.
- Age of NPA.
- Age of the court case and legal status of the title deeds.
- Number of times primary assets advertised for sale.

### 4. Bench Mark Based Assessment

4.1 Based on the experience gained by KSIIDC, the status of NPA cases with the current knowledge of the assisted industry in general and the assisted unit in particular, the “Bench marks” are assigned weightages / scores on a scale of 1 to 100. Accordingly, prescribed scores are allocated to the “Bench marks” which are tabulated in the next para 6. Thus, the total Scores/grades determined for the NPA assisted unit/ Guarantor are used to crystallize and arrive at the **minimum** OTS amount, which the OTS Sub-Committee can use to negotiate the settlement and recommend to the Board for consideration and approval. Therefore, it is to be explicitly noted that the **OTS amount so crystallized represents only the minimum amount that is proposed to be recovered**. It is the objective of KSIIDC to obtain a better offer for settlement than the benchmarked crystallization of the minimum OTS amount as above.

## 5. Bench Mark- Tables (1.1, 1.2, 2, 2.1, 3, 4, 5, 6 & 7)

### Table 1.1 Primary Securities

#### Land, Building, Plant and Machinery

Realizable value of securities charged to KSIIDC		Valuation scores		
		Land and building	Plant and Machinery	Total valuation scores
A	100% & above Loan balance.	24	16	40
B	More than 75% & less than 100 % of Loan balance	21	14	35
C	More than 40% & upto75% of Loan balance	14	9	23
D	More than zero % and up to 40% of Loan balance	10	6	16
E	Zero Value Or Nil Assets	0	0	0

**NOTE:** For corporate Loan Residential Property given as security shall be treated as Primary security and not as Collateral security. For such property no concessions are allowed even when used / occupied by the owner for his dwelling purpose.

### Table 1.2. Collateral Securities:

(Land, Building Plant & Machinery and others)

Realizable value of securities charged to KSIIDC exceeds		Immovable		Moveable	Total scores
		Self occupi ed	othe rs		
A	100% & above Loan balance	24	24	24	24
B	More than 75% & less than 100 % of Loan balance.	21	21	21	21
C	More than 40% & upto75% of Loan balance.	14	14	14	14
D	More than zero % and up to 40% of Loan balance	10	10	10	10
E	Zero collaterals	0	0	0	0

Note: 1. Where a residential Immovable property is given as collaterals by promoter, guarantor/surety, 25 % value of one such self occupied residential property is to be allowed as concession in valuation.

2. Where a commercial property is given as collateral by the promoter, guarantor/surety, whether self occupied or not, no concession is to be allowed.

**Table 2. Net Worth/ Personal Properties**

**Of Promoter/Guarantors/Mortgagers:  
Only Attached Properties By Court Order Or Restrain Oder From Court Obtained  
(Excluding assets charged to KSIIDC) (Scores)**

	REALIZABLE VALUE EXCEEDS	IMMOVABLE		TOTAL SCORES	
		SELF OCCUPIED	OTHERS	SELF OCCUPIED	OTHERS
A	100% & above Loan balance	16	16	16	16
B	More than 75% & less than 100 % of Loan balance .	14	14	14	14
C	More than 40% & upto75% of Loan balance.	9	9	9	9
D	More than zero % and up to 40% of Loan balance	6	6	6	6
E	No personal properties	0	0	0	0

**Note:** This table is to be used for personal properties attached or where a restraining order from court has been obtained or when the promoter, guarantor / mortgagor has informed the court on record that he / she shall not sell his / her personal property. In such an event, 50 percent of the unencumbered value of the personal properties, whether residential, commercial, or agricultural, shall be allowed as concession during assessment / valuation.

**Table 2.1 Net Worth/ Personal Properties**

**OF PROMOTOR/GUARANTORS/MORTGAGERS:**

**For Identified Immovable Properties where Court is moved for attachment or to obtain Restrain Order**

**(Excluding the assets charged to KSIIDC) (Scores)**

	REALIZABLE VALUE EXCEEDS	IMMOVABLE		TOTAL SCORES	
		SELF OCCUPIED	OTHERS	SELF OCCUPIED	OTHERS
A	100% & above Loan balance	8	8	8	8
B	More than 75% & less than 100% of Loan balance	7	7	7	7
C	More than 40% & upto75% of Loan balance.	4.5	4.5	4.5	4.5
D	More than zero % and up to 40% of Loan balance	3	3	3	3
E	No personal properties	0	0	0	0



- Note:**
1. This table is to be used where the personal properties are identified or the court has been moved to attach the identified personal property or to get a restraining / injunction order from the court.
  2. In such an event, 50 percent of the unencumbered value of the personal properties, whether residential, commercial, or agricultural, shall be allowed as concession during assessment / valuation.

**Table 3. Age Of NPA:**

		Scores
A	Up to 3 years	10
B	More than 3 and up to 5 years	5
C	More than 5 years and up to 8 years	3
D	Above 8 years	2

**Table 4. Legal Status**

		Scores
A	Sale auction fixed u/s Section 29 of SFC Act	10
B	Auction fixed by DRT/Court / under Possession / SARFAESI	7
C	BIFR/AAIFR cases (less than 2 years)	5
D	Security Documentation defective/legal audit comments on enforceability of security/pending BIFR/AAIFR cases for more than 2 years/Suit/cases filed but not decreed	2

**Table 5. Number Of Times Sale Advertised**  
**NEGATIVE SCORES\*\***

SL	TIMES ADVERTISED	SCORES@
A	1 to 2 Times	1
B	3 to 5 times	2
C	6 to 10 times	5
D	More than 11 times	7

Note : \*\* Negative scores is to be deducted from total scores arrived in Table 6.

1. @ For more than 11 times advertisement valuation of immovable property in table 1.1 may be scaled down by 30 percent. For 6 to 10 times advertisement valuation may be scaled down by 20 percent, for 3 to 5 times advertisement valuation may be scaled down by 10 percent and for 1 to 2 valuation may be times scaled down by 5 percent.

2. On the assumption that 24 scores for immovable property in slab A of table 1.1 are equal to 100 percent, Negative scores in Table 5 for scaled down of 30 , 20 ,10, and 5 percent are computed. Eg: for more than 11 advertisement 30 percent of 24 scores is computed as  $24 / 100 \times 30 = 7$  scores. Similarly negative scores for other slabs of Table 5 are computed.

**Table 6. Summary of Bench marked Scores**  
**On a scale of 100**

Slab	BLOCK 01 = 80 PERCENT SCORE WEIGHTAGE				BLOCK 2 = 20 PERCENT SCORE WEIGHTAGE			TOTAL SCORES On scale of 100
	1.1 Primary securities	1.2 Collateral securities	2.0 Attached / restrain order obtained for Personal properties	2.1 identified Personal properties/court moved to attach or obtain restrain order	3.0 Age of NPA	4.0 Legal position	5.0 Advertisement	
1	2	3	4	5	6	7	8	9=(2:7)-8
<b>A</b>								
<b>B</b>								
<b>C</b>								
<b>D</b>								
<b>E</b>								

**NOTE :** Within Block 1 Primary securities are allocated 50 percent weightage. Collateral Securities are allocated 30 percent weightage and Personal Properties are allocated 20 percent weightage. Block 2 is allocated 20 percent weightage.

**Table 7. Minimum OTS Amount**

Bench Mark Table	TOTAL SCORES	OTS AMOUNT TO BE CONSIDERED
A	75 & above	Loan Balance + simple Interest .
B	60-74	Loan Balance + 80 % simple Interest
C	40 - 59	Loan Balance
D	0 - 39	As much as possible as crystallized by the OTS sub committee

### Explanatory Notes on Bench Marking Scores

Bench marks are divided into two blocks viz., Block 1 & Block 2

**Block 1** comprises primary security + collateral security + personal properties / networth of guarantor, all having a weightage of 80 % of scores.

**Block 2** comprises Age of NPA + Legal status + number of times advertised for sale, all having a weightage of 20% of scores.

Total scores of Block 1 and 2 is 100.

Within Block 1, primary security is allocated 50% weightage, collateral security 30% weightage and personal properties/ guarantor's networth allocated 20% weightage.

Within Block 2, Age of NPA and legal status are given equal weightage of 50%, with sale advertisements attracting negative scores.

Each bench mark table has five slabs A to E where Asset coverage to loan balances having ranges 100 & above conform to the first slab A, 75 to 100 conform to the Second slab B and likewise. Slab E covers zero value asset.

Scores allocated to slabs as above are average scale down percentage from one slab to the next lower slab by keeping Slab A at 100 percent.

i.e. in Table 1.1 Primary Securities Slab A has 40 scores and slab B has 35 scores. Average of "above 75 % and less than 100 %" is 87.5 % [175 divide by 2 equals 87.5 %]. 87.50 % of 40 scores of Slab A is equal to 35 scores. Similar scores are allotted to each slab.

This ensures allocating 50 percent of the scores to Primary Securities, 30 percent of scores to Collateral Securities and 20 scores to Personal Securities.

## **6. Net Present Value**

- 6.1** To verify transparently and scientifically the OTS amount computed under the "Bench marked" parameters as above in Table 6, the *PRESENT VALUE* of cash inflow that may accrue from the loan account for the future period in time, can also be ascertained by computing the Net Present Value (NPV). This exercise involving calculation of the *PRESENT VALUE* of future cash inflow is called DISCOUNTING and the interest rate employed in computing the present value is known as DISCOUNTING FACTOR.
- 6.2** The table given in Annexure-IV may be used to discount /calculate present value of Rs 1 at a discounted factor /interest. There can be multiple cash inflows at more than one point in time. The present value of each of the future cash inflow can be computed and all the present values so computed be aggregated. The total / present value thus arrived may be compared with the OTS amount arrived using the bench marks in Table 7. When the present value is less than the OTS amount, then the OTS amount be accepted. Where the present value is more than the OTS amount, KSIIDC to take a considered view of either accepting or rejecting the OTS proposal.

**7. Coverage and Eligibility:**

- 7.1** All NPA Loan accounts/assets classified as doubtful / loss category as on 31<sup>st</sup> March 2011 be covered, provided the status of these assets/accounts continues to be so on the date of OTS application. Guarantors seeking release of their guarantees shall also be eligible for consideration under this OTS Policy subject to primary and collateral assets having been sold and amounts realized completely and the guarantor being eligible.
- 7.2** In cases of loans where any proceeding(s) are pending before Judicial Courts, Debt Recovery Tribunal (DRT) / Board of Industrial and Financial Reconstruction (BIFR), such assisted unit(s) may also apply provided they are otherwise eligible-subject to the condition that the assisted unit(s) shall furnish an undertaking to withdraw the pending proceeding / case along with OTS application form. In the event of such application being considered for settlement under this OTS Policy, the assisted unit(s) shall be required to submit the consent / decree / permission from the respective Judicial forum. Further, the final withdrawal order of the case passed by the concerned Judicial forum voluntarily or otherwise be insisted prior to issue of No Dues Certificate (NDC) by KSIIDC which shall be subsequent to payment of settlement amount under OTS including and all other ineligible loans and other dues of KSIIDC, to the satisfaction of KSIIDC.
- 7.3** Cases otherwise eligible under para 7 may include the following :
- a.** where winding up orders passed or official liquidator (OL) appointed or BIFR recommendation for winding up;
  - b.** where assets after seizure u/s 29 of SFCs Act have either been fully / partly sold or unsold.
  - c.** where KSIIDC has obtained a decree from a competent Court with or without interest on the decreed amount provided such cases are otherwise eligible. However, in such cases, the decreed amount along with interest, if any, or the settlement amount as arrived under this Policy, shall be considered by the OTS Sub-Committee by evaluating both alternatives for loan recovery before arrival / recommendation of the OTS settlement amount.

- 7.4** If State/Central subsidy, interest subsidy, insurance claim etc., is received by KSIIDC subsequent to the OTS approval under this policy, the amount sacrificed by KSIIDC at the time of OTS approval shall be recovered.
- 7.5** Cases of fraud and malfeasance are normally not eligible for settlement. However, if OTS is found to be a better route for recovery, such cases may be processed with due care, after prior clearance by MD and the OTS Sub-Committee shall be competent to allow such cases for consideration under this OTS Policy without prejudice to the action / outcome of any criminal cases initiated / to be initiated by KSIIDC. Further, the assisted unit/Guarantors shall not be absolved from any action of their liability on account of fraud & malfeasance committed.

## **8. Ineligible / Not Eligible OTS Cases under this Policy**

- 8.1** Where KSIIDC has information that the promoters of the assisted unit/guarantors are net-worthy and have sufficient properties to repay the loans contracted are trying to thwart the recovery proceedings by resorting to multiplicity of litigation or through other means, such cases/proposals shall not be eligible for consideration under this policy.
- 8.2** Where primary securities and / or collateral securities are available, which together with 50 percent value of identified unencumbered net personal property of the guarantors, is more than 2 times the normal loan dues as on 31st March 2011. **(This clause has been amended on December 15, 2012).**
- 8.3** Such cases / proposals as contained in para 9.2 & 17.3(d) below.

## **9. Release of Guarantee/s of Guarantor/s**

- 9.1** The Guarantor(s) for any loan, which is otherwise eligible to be considered under this OTS Policy are allowed to apply for settlement of the loan account for which such guarantee is provided. In the event of successful payment of the settlement amount, as determined under this Policy, the Guarantee shall be released in favor of the Guarantor(s).

- 9.2 Notwithstanding anything contained in this Policy, KSIIDC reserves the right to accept or reject any application for settlement of loan dues made under this Policy at any stage without assigning any reason thereof. Submission of application under this Policy and / or payment of initial amount in part or full shall not bar KSIIDC from taking recourse to other alternative measures for recovery of the outstanding dues from the OTS seeking applicant(s).

## **10. Switchover from past OTS policies not permissible**

- 10.1 The assisted unit(s) /Guarantors who are otherwise eligible and who had applied for an earlier OTS Policy/s and in whose cases, settlement decision had been communicated and who have not paid in full or part of the settlement amount so communicated, such assisted units /Guarantors shall not be eligible /allowed to switch over to this OTS policy.

## **11. Revalidation of OTS approved under previous OTS policy/s**

- 11.1. OTS proposals approved and cancelled/withdrawn under any of the previous OTS policy/s of KSIIDC may be considered for revalidation by the OTS Sub-Committee provided there are genuine and justifiable reasons for resolving the same by such consideration as would be available under the respective OTS Policies as applicable. Such revalidation shall however be restored on such terms and conditions as would be laid down by the OTS Sub-Committee and Board of KSIIDC which shall be binding.

## **12. Procedure for Application :**

- 12.1 All eligible loan cases as determined under para 7 above and otherwise not found ineligible under para 8 above, shall submit the OTS Application for consideration under this Policy in the prescribed format as **Annexure I** along with all other necessary requisites / particulars. Such application in prescribed format shall be accompanied with the stipulated initial amount as down payment by way of Demand Draft / Pay Order / Bankers Cheque /NEFT /RTGS in favor of KSIIDC.

- 12.2** Applications not complying with the above requirement shall be deemed to be incomplete and shall be rejected summarily by the Head of the Recovery Department. No acknowledgement shall be issued for such applications.
- 12.3** Application must be accompanied with audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for past 3 years along with related documents. If audit for the last year is in progress / not completed, provisional Balance Sheet, Profit & Loss Account and Cash Flow Statement duly certified by a Chartered Accountant be enclosed.
- 12.4** Eligible cases/loanee constituents shall furnish Affidavit as per the prescribed format in **Annexure III**.
- 12.5** The Loanee constituents will be required to provide post dated cheques along with a suitable letter acceptable to KSIIDC so as to adhere to the payment terms prescribed under this OTS Policy.
- 12.6** On receipt of OTS application with required documents and initial down payment as applicable above, an acknowledgement be issued, which is only a record of the fact that the assisted unit(s) has submitted its/their application to KSIIDC on a specific date. **Receipt of application and initial down payment and / or issue of acknowledgement for the same does not confer any right of acceptance of the OTS application of the applicant assisted unit(s), as brought out in para 9.2.** The application form so received shall be further subject to detailed scrutiny and verification of accounts, documents, assets, etc. and in due course decision regarding the settlement or otherwise under the OTS Policy shall be communicated to the applicant / assisted unit(s) by the competent authority of KSIIDC.

### **13 . Payment Terms under this OTS Policy**

- 13.1** Initial Down Payment: All applicants under this OTS Policy are required to pay an initial amount as down payment along with the application [**Annexure I**]. Such initial down payment shall be 10% of the Loan balance [principal outstanding] as on the date of OTS application. Where the loan balance is zero then the initial amount as down payment is to be computed on the loan balance before it became Nil or on the loan balance before approval of OTS.

- 13.2** Twenty five percent of OTS amount: **25%** of the OTS approved amount (less the initial amount paid as down payment) shall be paid within **30 days** from the date of issue of OTS communication, failing which the OTS approval shall be deemed to be withdrawn/cancelled.
- 13.3** Seventy Five percent of OTS amount: Balance **75%** of the approved OTS amount shall be paid in **7 equated monthly installments (EMI)**. Failure to pay any installment will attract interest @ **15 % p.a** on the unpaid amount for the period of default. Delayed period interest shall become payable concurrently with the defaulted installments. On failure to pay **three consecutive equated monthly installments**, the OTS approval shall stand automatically withdrawn / cancelled.

#### **14. Rebate For Prompt OTS Payments**

- 14.1** Rebate of 3% on the approved OTS amount shall be allowed provided the entire OTS amount is paid within 1 (one) month from the date of issue of OTS communication, subject to para 14.3.
- 14.2** Rebate of 1% on the approved OTS amount shall be allowed provided the entire OTS amount is paid within 2 (two) months from the date of issue of OTS communication, subject to para 14.3.
- 14.3.** Provided however, such rebate for prompt payment shall not result in any further sacrifice of either principal outstanding and or other debits charged to the loanee's account by KSIIDC.

#### **15. Restoration of OTS approval under this Policy**

- 15.1** Restoration of OTS approval under this Policy may be considered **within 9 months** from the date of issue of OTS communication, provided balance unpaid approved OTS amount is paid together with interest computed at the rate of **15 % p.a** for the period of delay on the unpaid approved OTS amount. Similar restoration may be considered for any default in payment of 25% of the approved OTS amount, provided the same is paid together with interest computed at the rate of 15% p.a. for the period of delay.



- 15.2** OTS approved under this Policy shall become **automatically invalid** after lapse of **9 months** from the date of issue of OTS communication, provided entire payment of the approved OTS amount with delayed period interest and other debits (i.e., direct expenditure incurred by KSIIDC) are not paid within prescribed period of 9 months, in which case Requitat Clause under para 18 shall become applicable.

## **16. Appeal / Review**

- 16.1** Appeal against approved OTS amount communicated to the NPA assisted units/ Guarantors may be entertained subject to the applicant making payment of 25% of the approved OTS amount within 30 days from the date of OTS communication.
- 16.2** Where the appeal is against the OTS approval by the Sub –committee of the Board, then the appeal shall be to the Board.
- 16.3** Where the OTS is approved by the Board, no appeal lies against its decision. However, a review application may be submitted on sufficient grounds to the Board provided 25 percent of the approved OTS amount has been paid, within 30 days from the date of OTS communication.
- 16.4** A decision to accept/review or reject the appeal shall be normally taken within 60 days from the date of receipt of the appeal/review application or for consideration by the Board in its next meeting, whichever is later. In case of reconsideration by the Board, the appeal/review should be disposed off within three months from the date of acceptance of the appeal/review or after such reconsideration by the Board in its next meeting whichever is later.

## **17. Delegation Of Power**

### **17.1 MD, KSIIDC:**

MD, KSIIDC, is authorized to approve all proposals eligible for issue of OTS offer letter from KSIIDC for obtaining consent from the loanee units along with the prescribed initial down payment to take-up processing of the OTS proposals. Mere issue of OTS offer letter from KSIIDC shall not in any way construe any right on the part of the loanee units for such consideration of OTS under this Policy. All proposals for consideration under OTS shall be subjected to detailed evaluation as per the norms prescribed in the OTS Policy.

### **17.2 OTS Sub-Committee of the Board:**

- a) Sub-Committee of the Board is empowered to approve OTS proposals in respect of loans where the principal loan outstanding is upto Rs.300 lacs.
- b) All other OTS proposals including those involving write off shall be brought before the Sub-Committee of the Board for deliberation and recommendation to the Board.

### **17.3 Board:**

- (a) All OTS proposals not covered under para 17.2 above.
- (b) All OTS proposals involving write-off of the loan, if any.
- (c) OTS proposals where the promoters do not agree to the settlement amount arrived at based on the above policy guidelines on account of certain genuine factors such as litigation in respect of properties, winding up proceedings, cases where large statutory dues are involved, cases where properties are attached by the Courts, cases where the consortium has adopted a different approach for settlement of the loans etc., be brought before the Board with full facts of the proposals for deliberation and suitable decision by the Board.
- (d) Notwithstanding anything contained herein above, the Board of KSIIDC may, in respect of the following cases, reject the OTS proposal in the interest of KSIIDC:

Where the project has failed on account of Mis-management / negligence / willful default of the promoters / guarantors such as the following:

- Deliberate non-payment of dues despite adequate cash flow and good network;
- Siphoning off of funds to the detriment of the defaulting unit;
- Assets financed have either not been purchased or have been sold & proceeds have been mis-utilised;
- Misrepresentation / falsification of records;
- Disposal / removal of securities without KSIIDC's knowledge;
- Fraudulent transactions by the borrower.

## **18. Requitat Clause:**

**18.1** In case of non-payment, as in para 13 and where OTS approval under this policy becomes invalid as provided in para 15.2, KSIIDC shall have the right of requital. In such an event the sacrifice/concessions under this Policy shall be withdrawn. Any amount realized under the OTS Policy shall be credited to original loan account and the original loan agreement shall come into force. KSIIDC shall take necessary steps to initiate legal actions for recovery. The decisions taken by KSIIDC on the matters relating to implementation of this OTS Policy based on circumstances and merit of the case shall be final and binding and no assisted unit/NPA unit/Guarantor can claim the benefits accruing from this Policy **as a matter of right.**

## **19. Interpretation:**

**19.1** Interpretation of the term or clause or any ambiguity or confusion arising during interpretation or implementation of this Policy shall be referred to the Managing Director, who shall be the competent authority to issue necessary clarification and to take remedial measures for smooth operation and implementation of this Policy. After such consideration, executive instructions necessary for implementation of this Policy shall be issued by the Managing Director.

## **20. Effective Date Of OTS**

**20.1** This Policy will be effective from the date that the Managing Director (after approval of the Board) issues a notification.

**20.2** The Board has considered and fixed the period of validity for this OTS Policy (FY 2012-13) upto 31<sup>st</sup> March 2013.

**ANNEXURE -I**  
**Application for OTS POLICY**  
**[REVISED TO INCLUDE OTS MODULES]**  
**KARNATAKA STATE INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT CORPORATION LTD**  
**STANDARD FORMAT FOR OTS**

i) Details / Particulars :

<b>01. NAME OF THE UNIT/PARTY &amp; ADDRESS</b>				
<b>02. ACCOUNT NUMBER</b>				
<b>03 NAME OF THE PROMOTER/S</b>				
<b>04. LOAN DETAILS</b>	<b>Date of sanction</b>	<b>Amount sanctioned</b>	<b>Rate of interest</b>	<b>Amount disbursed</b>

05. CONSTITUTION (PARTNERSHIP/COMPANY)		
06. POLICY UNDER WHICH LOAN SANCTIONED		
07. SIZE OF THE INDUSTRY SSI/MSI/HOTEL/TRANSPORT/OTHERS		
08. OTHER INSTITUTIONS/AGENCY INVOLVED, IF ANY, AND THEIR EXPOSURE		
09. ACTIVITY/ PRODUCT		
10. TOTAL DEMAND AS ON	NORMAL	SI BASIS
Loan Balance		
Principal demand		
Interest demand		
Other debits		
TOTAL		

11. REPAYMENT RECEIVED SO FAR:	NORMAL	SI BASIS
Principal		
Interest		
Other debits		
TOTAL		
By direct payment		
By sale of assets		
By Subsidy		
TOTAL		
12. LOAN DUES POSITION AS ON	NORMAL	SI BASIS
Loan Balance		
Principal		
Interest		
Other debits		
TOTAL		

13. BALANCE AMOUNT TO BE RECEIVED BASED ON _____	AMOUNT	I.R.R.
a) Normal Calculations as per contract / legal documentation		
b) Loan balance + Simple Interest (SI)		
c) Loan balance + 80% of Simple Interest (SI)		
d) Loan balance		
e) Other Debits (upto date)		
14. DETAILS OF SECURITY AVAILABLE	ORIGINAL	PRESENT
a) Land		
b) Building		
c) Plant & Machinery		
d) Collateral Security		
TOTAL		
NOTE: Present valuation to be furnished.		

a) **Building:**

i) Type of building		Industrial / Commercial / Residential / Others			
ii) Measurements (block / building-wise)					
iii) Type of construction					
iv) Valuation of individual item of building and rate taken per Sq . Mtr. of area:					
Sl. No.	Item	Rate / Esq.	Value at the current price	Rate of depreciation WDV	Depreciated value
<b>TOTAL</b>					
v) Comments on present condition of the building, age, salability. balance life, Etc.,with justification on the rate of depreciation adapted					

b) **Equipments (Plant & machinery, vehicles, furniture, other assets):**

Equipments (Plant & machinery, vehicles, furniture, other assets):						
Depreciation:						
Sl.No.	Description with machine no, if any	Supplier's Name	Cost at current Price	Age of the machine	Rate of depreciation WDV	Depreciated amount
<b>TOTAL</b>						

- i) General comments on the maintenance of the machine, technology, obsolescence, salability etc., which form basis for valuation with justification on the rate of depreciation adapted. Brief comments on the nature of the machines keeping in view the value of loss if shifted, cost involved for shifting etc.
- ii) Modular grading / assessment tables.

**Bench Mark- Table****1.1 PRIMARY SECURITIES****Land , Building , Plant and Machinery**

Realizable value of securities charged to KSIIDC		Valuation scores		
		Land and building	Plant and Machinery	Total valuation scores
A	100% & above Loan balance .	24	16	40
B	More than 75% & less than 100 % of Loan balance	21	14	35
C	More than 40% & upto75% of Loan balance	14	9	23
D	More than zero % and up to 40% of Loan balance	10	6	16
E	ZERO VALUE OR NO ASSETS	0	0	0

**NOTE:** For corporate Loan Residential Property given as security shall be treated as Primary security and not as Collateral security. For such property no concessions are allowed even when used / occupied by the owner for his dwelling purpose.

**1.2. COLLATERAL SECURITIES:****(Land ,Building Plant & Machinery and others)**

Realizable value of securities charged to KSIIDC exceeds		Immovable		
		Self occupied	others	Total scores
A	100% & above Loan balance .	24	24	24
B	More than 75% & less than 100 % of Loan balance	21	21	21
C	More than 40% & upto75% of Loan balance	14	14	14
D	More than zero % and upto 40% of Loan balance	10	10	10
E	Zero collaterals	0	0	0

- Note:
1. Where a residential Immovable property is given as collaterals by promoter, guarantor/surety, 25 % value of one such self occupied residential property is to be allowed as concession in valuation.
  2. Where a commercial property is given as collateral by the promoter, guarantor/surety, whether self occupied or not, no concession is to be allowed.

## 2.0 NET WORTH/ PERSONAL PROPERTIES

**Of Promoter/Guarantors/Mortgagers:**

**Only Attached Properties By Court Order Or Restrain Oder From Court Obtained  
(Excluding assets charged to KSIIDC ) (Scores)**

	REALIZABLE VALUE EXCEEDS	IMMOVABLE		TOTAL SCORES	
		SELF OCCUPIED	OTHERS	SELF OCCUPIED	OTHERS
A	100% & above Loan balance .	16	16	16	16
B	More than 75% & less than 100 % of Loan balance	14	14	14	14
C	More than 40% & upto75% of Loan balance	9	9	9	9
D	More than zero % and upto 40% of Loan balance	6	6	6	6
E	No personal properties	0	0	0	0

**Note:** This table is to be used for personal properties attached or where a restraining order from court has been obtained or when the promoter, guarantor / mortgagor has informed the court on record that he / she shall not sell his / her personal property. In such an event, 50 percent of the unencumbered value of the personal properties, whether residential, commercial, or agricultural, shall be allowed as concession during assessment / valuation.

## 2.1 NET WORTH/ PERSONAL PROPERTIES

**OF PROMOTOR/GUARANTORS/MORTGAGERS:**

**For Identified Immovable Properties WHERE Court is Moved For Attachment Or To Obtain Restrain Order  
(Excluding the assets charged to KSIIDC ) (Scores)**

	REALIZABLE VALUE EXCEEDS	IMMOVABLE		TOTAL SCORES	
		SELF OCCUPIED	OTHERS	SELF OCCUPIED	OTHERS
A	Exceeding the Loan Balance	8	8	8	8
B	Above 75% of Loan Balance & less than 100%	7	7	7	7
C	More than 40% of Loan Balance & less than and up to 75%	4.5	4.5	4.5	4.5
D	40% and less than 40% of Loan Balance	3	3	3	3
E	No personal properties	0	0	0	0

- Note:**
1. This table is to be used where the personal properties are identified or the court has been moved to attach the identified personal property or to get a restraining / injunction order from the court.
  2. In such an event, 50 percent of the unencumbered value of the personal properties, whether residential, commercial, or agricultural, shall be allowed as concession during assessment / valuation.

### 3. AGE OF NPA

		Scores
A	Up to 3 years	10
B	More than 3 years and up to 5 years	5
C	More than 5 years and up to 8 years	3
D	Above 8 years	2

### 4. LEGAL STATUS

		Scores
A	Auction Sale auction fixed u/s Section 29 of SFC Act	10
B	Auction sale fixed by DRT/Court/under Possession	7
C	BIFR/AAIFR Cases (less than 2 years)	5
D	Security Documentation defective/legal audit comments on enforceability of security or Pending BIFR/AAIFR cases for more than 2 years/Suit/ cases filed but not decreed	2

### 5. Number Of Times Sale Advertised Negative Scores\*\*

SL	TIMES ADVERTISED	SCORES@
A	1 to 2 Times	1
B	3 to 5 times	2
C	6 to 10 times	5
D	More than 11 times	7

Note : \*\* Negative scores shall be deducted from total marking in schedule 6.



## 6. Summary of Bench mark scores On a scale of 100

Category	PARAMETERS							TOTAL SCORES On scale of 100
	1.1 Primary security	1.2 Collateral security	2.0 Attached / restrain order obtained for Personal properties	2.1 identified Personal properties/court moved to attach or obtain restrain order	3.0 Age of NPA	4.0 Legal position	5.0 Advertisement	
1	2	3	4	5	6	7	8	9=(2:7)-8
A								
B								
C								
D								
E								

## 7. Minimum OTS Amount

Bench Mark Table	TOTAL SCORES SCORED	OTS TO BE CONSIDERED
A	75 & above	Loan Balance + simple Interest .
B	60-74	Loan Balance + 80 % simple Interest
C	40 - 59	Loan Balance
D	0 - 39	As much as possible as crystallized by the OTS sub committee

## SUMMARY OF PRESENT VALUATION: IN LAKHS

a) Land	
b) Building	
c) Equipments, Plant & Machinery	
d) Collateral Security	
e) Personal Properties	
f) Add (a) to (e) above	
g) <u>Less</u> : Concessions	
GRAND TOTAL	

NET PRESENT VALUE CALCULATION

The amount offered under the OTS Policy should be compared with the NPV of the amount that may be received at a future date. Computation sheet is enclosed.

1. COMMENTS OF INSPECTING / RECOVERY OFFICER:
2. REMARKS OF HEAD OF DEPARTMENT (HOD).

Signature Name of the HOD: Designation:	Signature Name of Recovery Officer: Designation
---	---

Date:

### ANNEXURE –II

(Draft letter of OTS Communication to the NPA of the assisted units/ borrower)

M/s.....

Without prejudice

Dear Sir,

Re: One Time Settlement (OTS) of your loan account No. /Nos.-----

Ref: Your letter No.-----dated-----  
 under the OTS Policy..

With reference to the above, we are pleased to inform you that your request for OTS has been approved by the KSIIDC subject to the following conditions:-

- (i) You should pay the OTS amount of Rs. \_\_\_\_\_ (including initial payment of Rs. \_\_\_\_\_, paid by you and kept in suspense account), With this the resultant sacrifice of the KSIIDC is Rs. \_\_\_\_\_ as on \_\_\_\_\_.

The OTS amount shall be paid within 30 days of issue of this letter. If you fail to pay the entire OTS amount within this period, the KSIIDC has the right to withdraw the OTS package and to initiate recovery actions without further intimation. However, if you pay a minimum of 25% of OTS amount within the stipulated period of one month and give the request in writing, you may pay the remaining 75% of OTS amount shall be paid in seven equated monthly installments. Failure to pay any installment shall attract interest at 15% per annum on simple interest for the period of default. Delayed period interest shall become payable concurrently with the defaulted installments. On failure to pay 3 consecutive equated monthly installments, the OTS approval shall stand automatically withdrawn / cancelled.

- (ii) If State/Central subsidy, interest subsidy, insurance claim etc., received by the KSIIDC subsequent to the OTS approval, the amount sacrificed by the KSIIDC at the time of OTS approval shall be recovered and only the balance amount if any will be refunded.
- (iii) In case of suit filed (sub-judicial matter cases)- Consent decree / Compromise shall be obtained from the competent Court before closure of account under this Policy.

- (iv) (In case of BIFR case) "Permission from BIFR" shall be obtained before closure of the account under this Policy.
- (v) The KSIIDC has the right to withdraw the OTS package if it comes to know subsequently that you have furnished false or misleading or incorrect or untrue information or any material information having bearing on the OTS decision. The KSIIDCs decision in this regard shall be final.
- (vi) A rebate of 3[three] percent will be allowed on the "OTS amount" if the "OTS amount" is paid within 30 days of first communication of the OTS "amount."
- (vii) A rebate of 01[one ] percent will be allowed on the "OTS amount" if the "OTS amount" is paid within 60 days of first communication of the OTS " amount."
- (viii) If you are not satisfied with the OTS terms then you may file an appeal or review application within 30 days of first communication of OTS order to you.

Thanking you,

Yours faithfully,  
DEPUTY GENERAL MANAGER (RECOVERY)

### ANNEXURE - III

(To be typed on Stamp Paper of Rs.100/-)

#### AFFIDAVIT

We:

- (1) Sri / Smt . ..... Son/ daughter of  
Sri. .... residing at .....
- (2)
- (3)

The promoters/ guarantors of M/s ..... hereby solemnly declare on oath as under:

M/s ..... a Private Limited Company / partnership Firm (hereinafter referred to as the "Borrower" ) had availed ..... facilities from M/s Karnataka State Industrial and Infrastructure Development Corporation Ltd (KSIIDC). (Formerly known as Karnataka State Industrial Investment and Development Corporation Ltd.) No. 49, " Khanija Bhavana", Devraj Urs Road, Bangalore 560001 for the purpose of setting up / expanding the industry situated at ..... We have given personal guarantee for the facilities so granted by KSIIDC to the Borrower.

Due to various reasons, the Borrower has not been able to meet the obligations towards the facilities so obtained from KSIIDC. We, along with borrower have approached KSIIDC for One Time Settlement (OTS) of dues under the OTS Policy of ..... We have made necessary arrangements for meeting OTS payments of the Borrower as required under the OTS Policy and we have taken the following steps for the purpose of getting necessary resources:

(Here indicate the steps taken)

- 1)
- 2)
- 3)

(Strike out if inapplicable)

We hereby undertake with KSIIDC that in the event the OTS is agreed to the Borrower by the appropriate authority of KSIIDC, we as well as the Borrower will discharge our obligations by submitting post-dated cheques for the OTS amount in accordance with the approvals so granted. We understand that based on this undertaking, KSIIDC will process our request for OTS. To this effect, we have sworn this Affidavit on this ..... date

Identified by me

Deponent

Advocate

SWORN TO BEFORE ME

NOTARY/ MAGISTRATE

## **ANNEXURE IV**

### **How To Use The Present Value Table**

Assume cash inflow after one year is Rs 10,000.00.

If management can use the funds immediately at 9 percent per annum.

To calculate the Present Value of Rs. 10,000.00 @ 9 % interest .

From table we get a discounting factor of 0.9174.

Cash inflow Rs 10,000.00

Discounting rate 9 % , Discounting factor 0.9174

PRESENT VALUE [ PV ] = 10,000 X 0.9174 = 9,174.00.

Rs 10,000.00 after one year is equal to Rs 9,174.00 today.

If the OTS amount is more than or equal to Rs 9,174.00 it may be accepted.

Where the OTS amount is Less than Rs. 9,174.00 it may be rejected or the management may take a decision to accept it on grounds of expediency or on other valid considerations.

**DISCOUNTING FACTOR**

<b>YEAR</b>	<b>1%</b>	<b>2%</b>	<b>3%</b>	<b>4%</b>	<b>5%</b>	<b>6%</b>	<b>7%</b>	<b>8%</b>	<b>9%</b>	<b>10%</b>
<b>1</b>	0.9901	0.9804	0.9709	0.9615	0.9524	0.9434	0.9346	0.9259	0.9174	0.9091
<b>2</b>	0.9803	0.9612	0.9426	0.9246	0.9070	0.8900	0.8734	0.8573	0.8417	0.8264
<b>3</b>	0.9706	0.9423	0.9151	0.8890	0.8638	0.8396	0.8163	0.7938	0.7722	0.7513
<b>4</b>	0.9610	0.9238	0.8885	0.8548	0.8227	0.7921	0.7629	0.7350	0.7084	0.6830
<b>5</b>	0.9515	0.9057	0.8626	0.8219	0.7835	0.7473	0.7130	0.6806	0.6499	0.6209
<b>6</b>	0.9420	0.8880	0.8375	0.7903	0.7462	0.7050	0.6663	0.6302	0.5963	0.5645
<b>7</b>	0.9327	0.8706	0.8131	0.7599	0.7107	0.6651	0.6227	0.5835	0.5470	0.5132
<b>8</b>	0.9235	0.8535	0.7894	0.7307	0.6768	0.6274	0.5820	0.5403	0.5019	0.4665
<b>9</b>	0.9143	0.8368	0.7664	0.7026	0.6446	0.5919	0.5439	0.5002	0.4604	0.4241
<b>10</b>	0.9053	0.8203	0.7441	0.6756	0.6139	0.5584	0.5083	0.4632	0.4224	0.3855
<b>11</b>	0.8963	0.8043	0.7224	0.6496	0.5847	0.5268	0.4751	0.4289	0.3875	0.3505
<b>12</b>	0.8874	0.7885	0.7014	0.6246	0.5568	0.4970	0.4440	0.3971	0.3555	0.3186
<b>13</b>	0.8787	0.7730	0.6810	0.6006	0.5303	0.4688	0.4150	0.3677	0.3262	0.2897
<b>14</b>	0.8700	0.7579	0.6611	0.5775	0.5051	0.4423	0.3878	0.3405	0.2992	0.2633
<b>15</b>	0.8613	0.7430	0.6419	0.5553	0.4810	0.4173	0.3624	0.3152	0.2745	0.2394

<b>YEAR</b>	<b>11%</b>	<b>12%</b>	<b>13%</b>	<b>14%</b>	<b>15%</b>
<b>1</b>	0.9009	0.8929	0.8850	0.8772	0.8696
<b>2</b>	0.8116	0.7972	0.7831	0.7695	0.7561
<b>3</b>	0.7312	0.7118	0.6931	0.6750	0.6575
<b>4</b>	0.6587	0.6355	0.6133	0.5921	0.5718
<b>5</b>	0.5935	0.5674	0.5428	0.5194	0.4972
<b>6</b>	0.5346	0.5066	0.4803	0.4556	0.4323
<b>7</b>	0.4817	0.4523	0.4251	0.3996	0.3759
<b>8</b>	0.4339	0.4039	0.3762	0.3506	0.3269
<b>9</b>	0.3909	0.3606	0.3329	0.3075	0.2843
<b>10</b>	0.3522	0.3220	0.2946	0.2697	0.2472
<b>11</b>	0.3173	0.2875	0.2607	0.2366	0.2149
<b>12</b>	0.2858	0.2567	0.2307	0.2076	0.1869
<b>13</b>	0.2575	0.2292	0.2042	0.1821	0.1625
<b>14</b>	0.2320	0.2046	0.1807	0.1597	0.1413
<b>15</b>	0.2090	0.1827	0.1599	0.1401	0.1229

## Definitions

### Explanatory Note:

All words defined in the loan legal documents executed with KSIIDC shall apply as such without any further interpretation here. However, it is the express intention of KSIIDC to further simplify for presentation and clarification attached to the meanings and words expressed in this OTS policy document.

1. **Borrower:** A borrower is an applicant who has applied to KSIIDC and obtained financial assistance by way of a loan to meet specific requirements for a project proposal and one who has executed / signed legal loan documents with KSIIDC. The Borrower is legally responsible for repayment of the loan and is subject to any penalties for not repaying the loan with interest based on the lending **payment** terms agreed upon. A borrower could be a Partnership Firm or a Company limited either private or public or a Society / Co-Operative Society or a Trust, etc.
2. **Co-operative Society:** A Co-operative Society is a Society registered under the Co-operative Society Act 1959 and obtained Certificate of registration issued by the Registrar of Co-operative Society.
3. **Company - Private or Public Limited:** An entity registered under the Companies Act 1956 and created by law with a perpetual succession and a common seal.
4. **Collateral Security :** is a security given in addition to the primary security for securing the loan availed from KSIIDC under the surety agreement executed with KSIIDC. A Collateral security can be a vacant Land, House, Apartment, fixed Deposit or a Bank Guarantee / National Saving Certificate or pledge of equity shares of listed / unlisted Companies. KSIIDC is authorized / empowered to proceed against the collateral security for satisfaction of the loan balance / dues.
5. **Date of communication of the OTS Approval :** is the date on which the OTS approval is communicated to the OTS applicant by the authorized officer of KSIIDC to the address furnished in the OTS application or at the communication address registered with KSIIDC.
6. **Doubtful Asset :** is a loan asset classified as doubtful in the books of KSIIDC for the purposes of meeting asset classification and prudential norms requirement adopted by KSIIDC by way of a Circular issued.
7. **Due date for payment :** Due date(s) for payment of OTS Amount is to be calculated from the date of communication of the OTS Approval Letter including the date of issue of the letter. The "due date" shall be applicable as per the schedule for payment of OTS amount so communicated in the OTS approval letter. If the due date happens to be a Sunday or a public / declared holiday for KSIIDC, then the immediate preceding working day shall be deemed to be the due date for payment.
8. **Event of default :** Where OTS installment is not paid within the stipulated due date for payment as per the schedule communicated in the OTS approval letter, then a default is said to have occurred. Similarly if interest on the delayed OTS installment is not paid together with the installment in default then a default in payment of interest is said to have occurred. The period of default is calculated by reckoning the default as defined hereinabove from the date of OTS approval letter.

9. **Going concern :** Is an entity continuing in operation and without there being any intention or necessity for it to either liquidate or curtail materially its scale of business operations.
10. **Guarantor:** A person or entity who has agreed to undertake due repayment of the Loan as per the Deed of Guarantee executed by him / her with KSIIDC. This would include interest, enhanced interest, compound interest, additional interest, premium of prepayment or redemption, commission cost charges or whatever money payable under the loan agreement signed between KSIIDC and the borrower /Loanee. The guarantor is bound to fulfill the guarantee obligation that has been cast upon him / her provided the borrower /Loanee does not repay the loan with interest.
11. **Heading / Notes / Explanatory Notes in the OTS Policy:** Paragraph and foot notes are only for reference and shall not be deemed to alter the construction of the provisions of the OTS Policy.
12. **Inability to pay the OTS amount :** If during the tenure of the OTS approval there is a reasonable apprehension that the OTS applicant is unable to pay or has voluntarily or involuntarily become subject of the proceeding of Bankruptcy or insolvency law, then such an event will be construed as default.
13. **Lender / KSIIDC:** Means Karnataka State Industrial & Infrastructure Development Corporation Limited (KSIIDC – earlier known as Karnataka State Industrial Investment and Development Corporation Limited).
14. **Loan :** An arrangement in which KSIIDC gives money to a borrower/ Loanee and the borrower / Loanee agrees to repay the money, usually along with interest, enhanced interest, compound interest, additional interest, premium of prepayment or redemption, commission cost charges or whatever money payable under the loan agreement signed between the KSIIDC and the Borrower /Loanee, at some future point(s) in time. Usually, there is a predetermined time for repaying a loan.
15. **Loan Balance:** This is the amount disbursed by KSIIDC to the borrower / loanee as a loan under the loan agreement signed between KSIIDC and the borrower indicating only the Principal amount disbursed which is outstanding as on the specified date and does not include any interest component.
16. **Loanee: An applicant,** who has applied, met specific requirements and received a monetary **facility** / loan from KSIIDC is called a “Loanee”. In other words, loanee is the same as the borrower who has entered into the loan agreement with KSIIDC and who is legally responsible for repayment of the loan and is subject to any penalties for not repaying the loan back based on the lending terms agreed upon.
17. **Malfeasance:** Is an act of intentionally doing wrong either legally or morally which one had no right to do. It always involves dishonesty, illegality or knowingly exceeding authority for improper reasons, with an intention to defraud KSIIDC.

18. **Misleading Information:** If any information / particulars furnished by the borrower /Loanee/ guarantor in the OTS application or any supporting documents or any other such documents / affidavits, etc., is found to be incorrect or misleading, then it will be construed as a deliberate default to secure the reliefs and concessions under OTS.
19. **Net Present Value:** Net Present Value (NPV) is defined as present value of future net cash inflows.
20. **Net realizable value:** A method of determining the present value of a stressed asset based on the assumption that the asset will be held for a period of time and sold at some future date. Net realizable value is the value determined or calculated to represent the present value of an asset (and / or a loan) at a point in time. In the case of a loan, this the value calculated after the loan has become past due.
21. **Net Worth:** Net worth is the sum of all of a borrower's / guarantor's tangible assets (including immovable property such as a residential / commercial / agricultural site or land and movables such as cash, cars, Jewelry, etc. as declared at the time of availing loan from KSIIDC and / or by means of an affidavit or a statement or otherwise determined by KSIIDC after verification at any given point in time) minus any secured liabilities to banks / financial institutions on the tangible assets as evidenced with documentary proof.
22. **NPA Assisted Unit :** Is the same as a borrower / loanee who has defaulted in repayment of Loan together interest and other dues as per Loan repayment schedule prescribed and forming part of loan document/s signed between the Borrower and KSIIDC and where based on revenue recognition and prudential norms prescribed by RBI and adopted by KSIIDC, the Borrower's loan account is classified as "Non Performing Asset" as on 31.3.2011 in the books of KSIIDC.
23. **Non Performing Asset :** Also known as NPA is one where the borrower /Loanee has not paid any previously agreed upon interest and / or principal loan amount to KSIIDC for a period of more than 90 days, as defined by KSIIDC in its circular issued.
24. **Other Debits (OD) :** These are direct expenditure incurred by KSIIDC to maintain the account of the borrower for safeguarding the assets which are secured to the loan extended and to meet all expenses incurred by KSIIDC on behalf of the borrower. OD shall be paid / recovered upfront and will be in addition to the approved OTS amount.
25. **Overdue:** Any amount due to KSIIDC under any loan facility is 'overdue' if it is not paid as per schedule fixed and communicated and also if not paid within the due date for payment.
26. **Partnership Firm :** Is a Firm registered and recognized by KSIIDC in its loan agreement / document having the relation between minimum two persons who are majors and who have agreed to share the profits of a business carried on by all or any of them acting for all. Persons who have come together and entered into a partnership deed or otherwise are called Partners.



27. **Payment on due date(s):** When payment is made on a due date through local cheques, local draft / local bankers cheque / local pay order / NEFT / RTGS, it would be accepted as a payment on the said due date.
28. **Place and mode of payment OTS amount:** All monies payable by the borrower /Loanee to KSIIDC under the OTS policy shall be paid at the registered office of KSIIDC as may be specified by KSIIDC to the borrower /Loanee. The Mode of Payment can be either by way of a Cheque / Bankers Cheque / Demand Draft / Pay Order / NEFT or RTGS. Any outstation cheque/s upon realization will be charged the applicable bank and KSIIDC collection charges and shall become payable by the borrower / loanee in addition to the OTS or any amount due or payable to KSIIDC.
29. **Primary Security :** shall mean the assets created such as land, building and plant & machinery purchased out of the loan / credit facility availed by the borrower / loanee from KSIIDC. This is directly associated with the project or business of the borrower / loanee and which is mortgaged / hypothecated to KSIIDC to secure the repayment of the loan with interest as evidenced in the loan agreement and other documents executed between the borrower / loanee and KSIIDC.
30. **Valuation:** Is the process of forming and determining the value of an asset for a required purpose by KSIIDC. Valuation is to be carried out by an approved Valuer or as may be approved by a competent authority of KSIIDC.

**For Further Details Contact**

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