

**ORISSA STATE FINANCIAL CORPORATION**  
**RECOVERY DEPARTMENT, OMP SQUARE: CUTTACK-3**



**REVISED POLICY ON REPHASEMENT PACKAGE**

**Eligibility:**

- a) All the loan accounts under Non Performing Assets (NPA) category shall be eligible.
- b) In allowing rephasing for cases having potential to revive, the promoter of the unit/vehicle should undertake to revive the unit within one year, so that it graduates to standard assets category after making all payments as per revised schedule.
- c) The seized units/ vehicle which are released as per the disposal policy, may also be eligible under this policy, if it confirms to (b) above.
- d) In case of earlier rephasing, it should normally not have exceeded twice including rephasing made at the time availing cyclone loan. However, one more chance for rephasing shall be considered for cases where number of earlier rephasing exceed twice, provided the promoter furnishes personal guarantee if not furnished already and submit an appropriate revival proposal for the unit after such rephasing

**(A) Terms & Conditions:**

- (a) The applicant under the scheme shall have to pay minimum down payment equivalent to documented simple interest for six months based on the total principal outstanding (of all loans) as on the date of application or Rs.5.00 lakh which ever is less. Minimum 25% of the down payment amount is to be paid along with the application and the balance down payment is to be paid before documentation. The documentation should be completed on or before one month from the date of issue of the rephasing order failing which the rephasing order shall be treated as cancelled.
- (b) All the applicants shall enter into a fresh loan agreement where the total repayment period exceeds twenty years from the date of original documentation and in all other cases a fresh rephasing agreement shall be entered into with the Corporation to make the rephasing package effective.
- (c) For all Private/ Public Limited Company loan accounts irrespective of principal outstanding and in other cases having principal outstanding of Rs.10.00 lakh and above as on the date of application, audited balance sheet, profit and loss accounts etc. for the last three financial years, projected cash flow and profitability statement for at least next five years may be asked for, to support their claim.

- (d) Maximum period to be allowed as rephasing shall not normally be more than seven years for industry and 3 years for transport cases from the date of documentation. The rephased principal along with FITL is repayable in suitable installments within overall ceiling of seven years and three years respectively for industry and transport.
- (e) The availability of security should be examined in detail and evaluated afresh to determine if the existing security (i.e. industrial + collateral security) covers the principal amount only (i.e. the amount disbursed originally). In case of shortfall of security (i.e. if the total industrial/collateral security is less than the principal amount originally disbursed) the applicant has to provide additional security to the extent of the shortfall in security.
- (f) The effective rate of interest on rephased principal shall be 13.5% per annum which shall be made available to the unit/loanee by way of rebate which is equal to the difference of documented rate and 13.5% p.a. The loanee is required to pay the dues in time and in the event of default in payment of principal or interest, penalty @ 2% shall be charged on the defaulted dues for defaulted period.
- (g) The total interest outstanding on the account as on the date of agreement for rephasing shall be worked out after reconciliation of the account after which the total interest shall be segregated into penal interest, compound interest and simple interest. The treatment of each of these components shall be as follows:-
- (i) **Penal interest** – Penal interest outstanding as on the date of rephasing shall be waived.
  - (ii) **Compound interest**- The compound interest outstanding as on the date of rephasing shall be funded without any interest charged on this FITL (compound). This FITL (compound) shall be repaid only after payment of entire principal and FITL component as at (iii) below. In case a promoter repays the loan along with interest in time (i.e. at least within last date of repayment of installment) as per the revised schedule, this FITL (compound) component shall be waived as an incentive.
  - (iii) **Simple interest**- The simple interest outstanding as on the date of rephasing shall first be adjusted with the down payment received. The balance simple interest shall be converted to FITL and it shall carry a simple interest at a maximum rate of 8% p.a. depending on the cash flow projection after rephasing. This FITL will be repaid with current interest along with rephased principal in suitable installments.
- (h) Earlier interest funded and appearing/treated in the loan ledger as FITL if any, on the date of conversion to FITL, shall be treated as outstanding simple interest/compound interest/penal interest as the case may be, as if there was no FITL and simple and compound interest charged on the said FITL would be considered as compound interest and penal interest as such.

- (i) The cut off date for rephasing shall be the date of documentation for rephasing and the dues upto the cut off date is to be calculated accordingly. The interest for the balance period for the quarter after funding as on the date of documentation shall be due along with the interest of the next quarter.
- (j) Post-dated cheques for the first year against the principal dues as per the revised schedule should be insisted upon.
- (k) The rephased account shall be monitored regularly for a minimum period of one year. In case of any default the promoter may be intimated to regularise the account immediately and not to allow the account to further slip down. If the payment is made beyond the stipulated date the promoter shall be charged penal interest @ 2% for the delayed period over the defaulted amount only. In case the default still continues for more than one year reversal of interest rate to the original documented rate shall be made along with reversal of benefits passed earlier..
- (l) Loans availed under Agency arrangement like margin money assistance under Sick Rehabilitation Scheme etc. are not eligible for rephasing. However, RTDM loans, cyclone loan and loan in lieu of subsidy can be considered for rephasing along with other loans with same terms and conditions. But rebate of interest shall not be applicable for cyclone loan and RTDM loan.
- (m) Loans availed under NEF assistance shall be treated as follows:
  - a) Where refinance from SIDBI has not been availed- It will be rephased like term loan on usual interest as applicable to term loan.
  - b) Where refinance is available and it is in default – It will be rephased at documented rate and repayable along with rephased principal of other loans. The promoter may be first given an option to pay the default if any, in NEF account. Otherwise it may be rephased as above.
- (n) Where there is STWC loan in the account, the party has to apply for settlement under OTS for STWC. The OTS amount for the STWC loan is to be worked out and the promoter may be asked to settle the account under OTS. In case of incapability of the promoter to do so, he may be allowed rephasing for a maximum repayment period of three years for the OTS amount to be paid along with interest @ 13.5% at simple rate. No separate down payment is required to be paid over and above the initial amount required for OTS. Thus the cases of rephasing of STWC cases shall be taken up only after finalizing OTS amount..
- (o) All eligible cases for rephasing package having outstanding less than Rs. 50.00 lakh shall be processed through a Branch Level Committee meant for sick and rehabilitation of the industrial unit. For eligible cases having outstanding above Rs.50.00 lakh, the Branch Level Committee shall scrutinize the proposal first and sent to Head Office Rehabilitation Committee before placing the same to the approving authority.

**(C) Service Charge:**

The service charge shall be collected from the loanee for the rephasement and combined package in the following manner:

1	Cases having total loan outstanding up to Rs.10.00 lakh as on the date of application for consideration of rephasement.	Rs.2,000.00
2	Cases having total loan outstanding above Rs.10.00 lakh and up to Rs.30.00 lakh as on the date of application for consideration of rephasement	Rs.3,000.00
3	Cases having total loan outstanding above Rs.30.00 lakh as on the date of application for consideration of rephasements.	Rs.5,000.00

**(D) Approval Authority**

1	Branch Manager	Total outstanding* of loans considered for rephasements as on the date of application up to Rs.30.00 lakh.
2	Dy General Manager in charge of Branches	Total outstanding* of loans considered for rephasements as on the date of application up to Rs.40.00 lakh.
3	Departmental Head of BDD	Total outstanding* of loans considered for rephasements as on the date of application above Rs.30.00 lakh for category-I and above Rs.40.00 lakh for category-2 and up to Rs.50.00 lakh
4	Managing Director / Chairman & Managing Director	Total outstanding* of loans considered for rephasements as on the date of application above Rs.50.00 lakh and in all joint financing cases

**\*Total outstanding means principal + interest + other charges.**

The rephasement proposals approved by the various delegated authority as above, shall be placed to the next Executive Committee and Board meeting for ratification.

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