



One Time Settlement

ABC PVT. LTD.

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Commercial Branch




Brief history of ABC Pvt. Ltd.


- ABC Pvt. Ltd. was promoted in 1906 in the name of Chemicals Ltd.
- Engaged in the manufacture of Acetic acid.
- The Plant was situated at Kolkata, West Bengal
- The Company established Facilities for the manufacture of polyester fiber in the early 1970s at Dehradun.
- Initially the company focused on investing substantially in product development because of which the product took more time to become commercially viable.



Reasons for account turning NPA

- The price of crude oil crashed to about USD 30-35 per barrel in Dec 2008 from USD 120-130 in June 2008.
- Company's main raw materials were derived from crude oil. This volatility resulted in inventory losses to company.
- Also suffered on account of change in norms on imported recycled products (pet bottle scrap) which it used as main raw material in the fiber division.

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- The company moved to more expensive virgin PET, which reduced its margin considerably.
 - PET bottle scrap was available domestically only on cash and carry basis.
 - As company's liquidity was already stretched, it was not able to procure PET bottle scrap locally.
 - Further, the power situation in Dehradun deteriorated, company had to purchase power from spot market which caused increase in power costs.
 - In view of the above mentioned factors, the company had accumulated losses, negative NWC and negative TNW.
 - Finally, the company approached the banks for restructuring the loans.

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- The company was admitted in CDR after getting approval from all the member banks.
 - Subsequently, the account was classified as NPA.



Terms of compromise offer

- 100% of payment of dues without interest within 60 days from the date of receipt of last acceptance letter from bankers.
- If borrower fails to pay entire OTS amount within 60 days, The interest will be payable from the day of approval to 180 days at 12% p.a.
- The OTS scheme is Valid upto 180 days only from the receipt of last approval letter by the bankers