

**OTS POLICY AND TECHNICAL WRITE-OFFS of Parwanoo Urban Co-operative Bank**  
**For The Financial Year 2025-26 (Effective from 01.08.2025 to 31.03.2026):**

**Salient Features:**

1. This **OTS policy** of the Bank has been prepared and put up to the Board for undertaking compromise settlements with the NPA borrowers, as well as, for Technical write offs, in conformity to RBI guidelines. The compromise settlement for the purpose shall, henceforth, refer to any negotiated settlement with the borrower to fully settle the claims of the Bank against the borrower which may entail some sacrifice of the amount due from the borrower on the part of the Bank with corresponding waiver of claims against the borrower to that extent depending upon the realizable value of collaterals, minimum ageing, graded framework of staff accountability etc. besides Bank's capability to absorb the sacrifice amount arising on account of this.

**Technical write offs** for the purpose shall refer to cases where the non-performing assets remain outstanding at borrowers' loan account level where 100% provision has already been made and statutory auditor has declared assets as '**Loss Assets**' such accounts are written off by the Bank only for accounting purposes, without involving any waiver of claims against the borrower and without prejudice to the recovery of the same.

2. The OTS policy of the Bank shall be

(a) '**Non-Discretionary and Non Discriminatory**' in nature (**fully transparent**) and shall be applicable to all NPAs as on 31.03.2025 which were sanctioned on or before 31.03.2020;

(b) The scheme shall be effective from **01.07.2025 to 31.03.2026**;

(d) The main objective of the OTS policy to expedite the recovery process in NPA accounts to improve Bank's profitability and other financials to come out of RBI SAF restrictions, at the earliest;

(c) There shall be a reporting mechanism to the Board at least on quarterly basis with respect to compromise settlements and technical write offs through Audit Committee of the Board (ACB);

(d) As the scheme is non discretionary and non discriminatory all the branch heads are empowered to settle with the eligible NPAs and submit CR to Head Office;



(e) CR submitted by branches shall be put to Audit Committee for perusal and thereafter to the Board;

The scheme and its applicability shall be restricted to only those NPA borrowers who want to fully settle their NPA accounts within the stipulated period by offering them some concessions uniformly as per their eligibility as under:

- (a) Waiver of Notional interest from the date of NPA in eligible accounts;
- (b) Waiver of legal and other out of pocket expenses;
- (c) Haircut will be given as under:

**A) Unsecured NPAs**

<b>(i) Unsecured loans upto Rs. 5 lakh (No. of accounts 14; Amount Rs. 6.14 lakh excluding OIR details as per sheet enclosed) (not backed by any collateral since sanction)</b>	Waiver of 100% of OIR	Write off 25.00% of Principal amount
<b>(ii) Where securities already sold out under SARFAESI by the Bank and no security available now (No. of accounts 9; Amount Rs. 182.32 lakh excluding OIR details as per sheet enclosed)</b>	Waiver of 80% of OIR	a) Write off 25.00% of Principal amount where no guarantor(s) is available.  b) Write off 10.00% of Principal amount where guarantor(s) is available.

**B) Secured NPAs:**

**Where value of collateral is higher than the outstanding dues (i.e. loan amount plus overdue interest receivable):**

**No. of accounts 12; Amount Rs. 207.51 lakh excluding OIR details as per sheet enclosed**

Waiver of 20% of OIR outstanding amount as on 30.06.2025. After that, usual applicable interest shall be charged, subject to the account be liquidated within 3 months time from the date of acceptance.

If liquidated after 3 months, the account shall continue to remain in sub-standard category as per RBI, IRAC Norms. However, the account must be fully adjusted on or before 31.03.2026.

**C) Where value of collateral is less than or equal to ( $\pm 10\%$ ) of the outstanding dues (i.e. loan amount plus overdue interest receivable):**

**No. of accounts NIL; Amount NIL**





D) Where value of collateral security is less than 10% or more of the outstanding amount (i.e. loan amount plus overdue interest receivable):

No. of accounts 21; Amount Rs. 1793.27 lakh excluding OIR details as per sheet enclosed

Waiver of 33% of OIR outstanding amount as on 30.06.2025. After that, usual applicable interest shall be charged, subject to the account be liquidated within 3 months time from the date of acceptance..

If liquidated after 3 months, the account shall continue to remain in sub-standard category as per RBI, IRAC Norms. However, the account must be fully adjusted on or before 31.03.2026.

It is reiterated that in compromise settlements where the time for payment of the agreed settlement amount exceeds three months shall be treated as restructuring as defined in terms of RBI guidelines dated June 07, 2019 on '**Prudential Framework on Resolution of Stressed Assets**'.

#### **Technical Write Offs**

In the loan and advances where all efforts to recover the Bank dues have been exhausted and further chances of recovery are very bleak, property mortgaged to the bank has already been sold, no further collateral security is available or 100% provision already made and Statutory Auditors have declared the accounts as '**Loss Assets**'. Though provision have been made from Bank's profit, still these NPA accounts are adversely affecting Bank's Balance Sheet, therefore, there is need of the hour to address, on top most priority to clean the balance sheet affected by these impaired assets. In such cases, the Bank may go for Technical write-offs as envisaged by RBI in their circular guidelines dated June 8, 2023.

On the recommendations of Branch Heads, the Audit committee after going through genuineness and merits shall put up the proposal to BOM. BOM after going through the proposal, render expert advice to BOD for Write off these loan cases and transfer the amount to 'Advances Under Collection Account' (AUCA) without prejudice to recovery process in any manner, the Branch Heads shall undertake that all recovery efforts to recover the loan amount including filing of cases with the ARCS Solan, under Arbitration or otherwise shall continue and there shall not be any leniency in the recovery process.

Every penny recovered afterwards in these AUCA accounts, shall reduce the Contingent Balance outstanding in the AUCA balance and the amount shall be credited to Charges Account- Recovery in AUCA Accounts to normalise the Bank's profits.



### Other Terms and Conditions

- Only those borrowers shall be eligible under the scheme who deposit 25% of the OTS amount on acceptance and after that full amount by 31.03.2026;
- Staff accountability to be examined in each case within 30 days from the date of settlement (to be reviewed to Audit Committee / Board within 3 months from the closure of accounts under OTS);
- Policy to be displayed on the Notice Board of all the branches and website of the Bank;
- Technical write off accounts under AUCA to be reviewed to the BOD in every monthly meeting through the Audit Committee of the Board;
- Wherever the Branch Head differs with the present value of the property, should obtain fresh valuation from some other bank's approved valuer.

If the scheme meets with the approval of the Board, an approved copy of the same shall be forwarded to RCS, Shimla for their final approval.

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#### BOM observation:

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Member	Member	Member	Member	Member

#### BOARD OBSERVATION

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
<u>MEMBER</u>	<u>MEMBER</u>	<u>MEMBER</u>	<u>MEMBER</u>	<u>MEMBER</u>

