**Sobs to Cheers**

**Case study of M/s Harita Industries**

**Company Profile:**

Harita Industries deals with manufacturing of all types of electrical control panels. They supply to ISRO. Majors orders are from ISRO, IISER, IITs, power plants, software companies and pharma companies.

Financials: The unit has availed Cash Credit- ₹26 lakhs, Term Loan Limits- ₹72 lakhs from the bank.

**Problem of the unit:**

Harita Industries driven by a woman entrepreneur Ms. Aruna Kumari, engaged in manufacturing electric panel boards visited **Telangana Industrial Health Clinic Ltd (TIHCL)** with SARFAESI notice in her hand and tears in her eyes. She requested TIHCL help to stop SARFAESI proceedings. Entrepreneur has complained that the bank has issued SARFAESI Act notice without show cause notice and Chief Manager of the bank was also not aware of this notice at that time. There were 3 instalments pending and customer has submitted comfort letter issued by the state government. Customer has to receive subsidies of ₹22.90 lakhs from Commissioner of Industries and out of that amount ₹8 lakhs were pending. The bank manager has not accepted any of these concerns and they have not allowed any other transactions. They also informed that if the account becomes NPA then the entrepreneur has to pay 20% on any payment to recovery agent which was totally unacceptable. Due to delay in payments, both from the bills drawn on PSUs and the incentives in addition to lack of support from banker, entrepreneur entered the ICU chambers. She needed counselling, negotiation with the banker and release of incentives on fast track.

Our investigations revealed that the borrower was not a wilful defaulter. The Bank has not followed the due process mandated by the RBI before issue of notice under SARFAESI Act provisions. The concerned branch manager took a prejudicial view on the unit.

**Resolution to the unit:**

TIHCL requested the Commissioner of Industries to immediately release the long pending incentive as the comfort letter would not reduce the outstanding in the account. Office of the COI has processed the incentives for release on fast track following our recommendation and released for credit of the account. TIHCL also represented to the Bank that the SARFAESI notice was not in conformity with the mandatory instructions of the RBI and hence needed withdrawal. In addition, it was represented that the working capital that was put on hold be immediately released. Bank, going by the veracity of data and information on the unit given by TIHCL withdrew the notice. All these things happened within a week after the unit visited the TIHCL. This made the entrepreneur walk out cheerfully.