

### **Policy pertaining to MSE sector (an extract of Bank's Board approved policies)**

The Bank will adhere to the guidelines prescribed by RBI from time to time with respect to meeting the priority sector targets as well as direct and indirect agricultural targets. The bank shall set up a focused team to develop agricultural and related assets. Bank shall extend credit facilities to Micro and Small Enterprises (MSE) as per the guidelines prescribed by RBI from time to time.

MSE comprises of Manufacturing Sector & Services Sector.

- **Manufacturing Sector:** Manufacturing sector refers to enterprises engaged in manufacture or production, processing or preservation of goods. The definition of Micro and Small Enterprises under the Manufacturing sector is as below:
  - i. A Micro Enterprise is an enterprise where investment in plant and machinery [original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification No. S.O. 1722(E) dated October 5, 2006] does not exceed Rs. 25 lakh.
  - ii. A Small Enterprise is an enterprise where the investment in plant and machinery [original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification No. S.O. 1722(E) dated October 5, 2006] is more than Rs.25 lakh but does not exceed Rs.5 crore.
- **Services Sector:** Services sector refers to enterprises engaged in providing or rendering of services. The definition of Micro, Small and Medium Enterprises under the Services sector is as below:
  - i. A Micro Enterprise is an enterprise where the investment in equipment does not exceed Rs.10 lakh
  - ii. A Small Enterprise is an enterprise where the investment in equipment is more than Rs.10 lakh but does not exceed Rs.2 crore

### **Restructuring / Rehabilitation policy for MSEs**

Bank shall ensure Restructuring / Rehabilitation of credit facilities to potentially viable Sick units / Enterprises from Micro and Small Enterprises as per the Guidelines prescribed by RBI from time to time.

The Restructuring / Rehabilitation of Sick units / Enterprises shall be by way of allowing extended tenor for loans / facilities already extended by the bank and for which payment pattern is not as desired by the bank or are irregular as per norms defined by the bank from time to time. This represents those accounts where the borrower is willing to repay his

dues to Ujjivan but does not have the capacity / funds to do so right away. In such cases, the bank would examine the causes of sickness and recommend the course of action. The first focus of NPA management in such cases will be possible up gradation of the loan, by rehabilitation of the borrower's business.

The Rehabilitation option will be examined in cases where there is prima facie scope for restoring viability of the business. The action plan will be put in place in such cases where it is possible to bring the unit back into good health by extending marginal concessions by which the unit will be able to meet its obligations fully within a maximum period of 5-7 years.

The Rehabilitation approach will generally be adopted provided Ujjivan is satisfied that:

- Eligibility criteria and regulatory guidelines with respect to restructuring are fulfilled
- The loan has become an NPA due to factors other than lack of integrity on the part of the promoters
- Genuineness of the obligor and viability of the proposal is established
- There is prima facie case for considering such a proposal.

The Restructuring approach will be generally adopted where the Borrower is not a willful defaulter, and / or there is no incidence of fraud or malfeasance.

### **Non-discretionary One-time Settlement policy for MSEs**

Bank shall facilitate Non-discretionary One Time Settlement for recovery of Non-performing loans / facilities extended to Micro and Small Enterprises as per the Guidelines prescribed by RBI from time to time. For one time settlement, various factors pertaining to Non-performing loans such as reason for non-payment, past track record, Current financial strength etc. shall be taken into consideration. All such compromise settlements will be done in a fair and transparent manner and in full compliance with RBI guidelines on the matter. Non-performing loans shall be defined as per the prevailing guidelines of RBI.

Bank will follow the below broad guidelines for settlement of accounts:

- The compromise should be a negotiated settlement wherein recovery of its dues to the maximum extent possible with a minimum sacrifice should be aimed at
- All the credit facilities availed by the borrower should be settled simultaneously with the settlement
- In case of a suit filed account the terms and conditions of settlement should be finalized and consent decree from court should be obtained