Bandhan Bank

Non-Discretionary and Non-Discriminatory One Time Settlement (OTS) Scheme for MSE Accounts

Scheme Start Date: June 16, 2026 **Scheme End Date: June 30, 2026**

In compliance with the Reserve Bank of India's "Master Directions – Lending to Micro, Small and Medium Enterprises (MSME) Sector", the Bank has established a non-discretionary and non-discriminatory One-Time Settlement (OTS) Scheme for recovery of NPAs under the Micro & Small Enterprises (MSE) sector upto Rs 20 Lakhs. This uniform, rule-based scheme ensures transparent and speedy settlement of MSE accounts classified as NPAs in alignment with RBI guidelines.

Scheme Coverage

1. The scheme shall cover accounts classified as Sub-standard, Doubtful or Loss.
2. All suit filed cases including decreed cases where execution proceedings have not yet started are eligible under the scheme.
3. The scheme shall also cover eligible cases where Bank has initiated recovery action under SARFAESI Act, DRT, Section 138 and is awaiting adjudication/ enforcement.
4. Cases of Wilful Default, fraud and malfeasance are not covered under the scheme.
5. In the case of Central Government or State Government backed guarantee schemes, Bank reserve its right to take decisions on One Time Settlement on case-to-case basis.

Settlement Amount Formula

Secured Loans:

NPA Classification	Settlement Amount (Principal Outstanding)			
	Realizable Security >100%	**Realizable Security >75 - 100%**	**Realizable Security >50 – 75%**	**Realizable Security up to 50%**
Sub-standard > 6 months	90%	85%	80%	70%
Doubtful up to 1 Year	75%	70%	65%	55%
Doubtful 1-3 Years	70%	65%	60%	50%
Doubtful more than 3 years	65%	60%	55%	45%
Loss Assets	65%	60%	50%	40%

Unsecured Loans:

A. Principal Outstanding greater than Rs.10 Lakh

NPA Ageing	Settlement Amount
Sub-standard >6 months	60% of Principal Outstanding
Doubtful up to 1 Year	55% of Principal Outstanding
Doubtful 1-3 Years	50% of Principal Outstanding
Doubtful more than 3 years	
Loss Assets	45% of Principal Outstanding

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Website: www.bandhan.bank.in

B. Principal Outstanding up to Rs.10 Lakh

NPA Ageing	Settlement Amount
Sub-standard >3 months	70% of Principal Outstanding
Doubtful up to 1 Year	50% of Principal Outstanding
Doubtful 1-3 Years	45% of Principal Outstanding
Doubtful more than 3 years	45% of Principal Outstanding
Loss Assets	40% of Principal Outstanding

Payment Terms

- Preferably settlement amounts should be recovered in a lumpsum. Where the borrowers request to pay the settlement amounts in installments, a maximum time of 3 months from the date of approval be allowed but, subject to upfront payment of at least 25% of compromise amount.

Scheme Provisions

1. **Default and Cancellation of OTS**

In the event of default in payment of the full dues or any tranche/instalment stipulated under the sanctioned settlement terms, or in the event of non-compliance with any other conditions of the settlement, the Bank shall reserve the right to cancel the One-Time Settlement (OTS) forthwith and withdraw all reliefs, waivers, and concessions extended to the borrower. Upon such cancellation, the Bank shall restore the original dues as they existed prior to sanction of the OTS and shall initiate or continue legal action for recovery of such dues, after deducting amounts already paid, together with applicable future interest until full realization. For continued default beyond 90 days, the Bank shall proceed accordingly without further notice.

2. Submission of Settlement Proposal

All eligible customers shall be required to submit a written settlement proposal to the concerned branch for consideration under this Scheme.

3. Validity of the Scheme

This OTS Scheme shall remain in force unless modified and shall be subject to change in line with any directions, circulars, or guidelines issued by the Reserve Bank of India (RBI) from time to time.
The Scheme shall be made available to eligible borrowers for a reasonable period of time. The specific timelines and overall duration of the Scheme shall be determined by the Managing Director & Chief Executive Officer (MD & CEO) and the Whole-time Director/s of the Bank, based on the recommendations of the Recovery Department.

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