CAPITAL SMALL FINANCE BANK LIMITED

EMERGENCY CREDIT LINE GUARANTEE SCHEME 5.0

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<u>**EMERGENCY CREDIT LINE GUARANTEE SCHEME 5.0**</u>

Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 is a scheme launched by the Government of India to provide credit guarantee coverage for MSMEs (100%) and non-MSMEs as well as scheduled passenger airline (referred hereinafter as airline sector (90%), to Member Lending Institutions (MLIs) for the amount in default under additional credit facility extended to the eligible borrowers to tide over any short-term liquidity mismatches in view of West Asia crisis. The Scheme shall be managed by National Credit Guarantee Trustee Company Limited (NCGTC), a wholly owned company of Department of Financial Services (DFS), Ministry of Finance, Government of India, as a Trustee.

The salient features of the scheme are as under:

1.	**Purpose of the Scheme**	The Scheme has been formulated to extend critical support to borrowers by providing additional working capital term loan for business purposes, enabling them to navigate the prevailing economic challenges more effectively.
2.	**Eligible Borrowers**	I. All business enterprises including MSMEs having fund based working capital limits from the Member Lending Institutions (MLIs) as on 31.03.2026. II. The borrower's credit facilities should be categorized as 'standard' (excluding SMA-2) as on 31.03.2026 across all lenders. III. Only existing borrowers of the bank as on 31.03.2026 shall be considered for funding under the scheme. IV. The borrower account otherwise eligible under the scheme should not be an NPA with any lender as on the date of sanction and / disbursement of loan under the scheme.
3.	**Ineligible Borrowers**	I. Borrowers who have availed additional credit facility under Credit Guarantee Scheme for

		Exporters (CGSE) are not eligible under the extant scheme upto the limit already availed under CGSE. II. Non-MSMEs in the sectors, as per list placed at below, will be excluded from the purview of the Scheme. III. List of sectors under Non-MSME segment excluded from the Scheme: a. Non-Banking Financial Companies b. Power (Generation, transmission and distribution) c. Telecom d. Sugar & Ethanol e. Information Technology f. Paper & Paper products g. Educational Institutions h. Beverages (excluding Tea and Coffee) and Tobacco
4.	**Validity**	➢ Sanction: Up to 31st March 2027 or on reaching the threshold stipulated as per the scheme whichever is earlier. ➢ Disbursement: 100% Disbursement shall be completed on or before 30th June 2027.
5.	**Loan Amount**	➢ Upto 20% of the peak (highest) fund-based working capital outstanding during the fourth quarter of FY 2025–26. (i.e between 01.01.2026 and 31.03.2026 both days inclusive), subject to maximum of Rs.100 crore per borrower across all MLIs. ➢ Only regular sanctioned credit exposure should be considered under the scheme i.e excluding TOD/ Adhoc exposure.
6.	**Application Process and Issuance of Guarantee Cover**	**I. Borrower Application Process:**

		a. A borrower shall mandatorily apply on the JanSamarth portal, self-declaring the required details in the application form. b. The application will then be forwarded to the lender’s branch as selected by the borrower during the loan application journey. c. The lender shall assess the borrower’s eligibility under the Scheme and, upon satisfactory evaluation, sanction the credit facility. d. The Sanction details updated by the lender on JanSamarth portal shall be shared on real-time basis with NCGTC. II. **Process for Lenders:** Lenders on-boarded with the JanSamarth Portal will receive borrower applications submitted through the portal to the respective branch, as selected by borrower during the application journey. III. **Issue of Fresh Guarantee (Sanction Loan)** Automatic Approval : Guarantee needs to be lodged by the MLI as per template provided by NCGTC. The system would automatically validate the guarantee lodgement details along with loan application number and sanction details as received from Jan Samarth portal and generate a Credit Guarantee Permanent Account Number for the lender's future reference. IV. **Tranche Disbursement Details** Reporting Disbursements: For each tranche of the loan disbursed, the MLI must enter the disbursement details to the NCGTC portal immediately.

7.	**Guarantee Coverage by Trust**	100% for MSMEs and 90% for non-MSMEs for the default amount under additional credit facilities extended.
8.	**Interest Rate**	MCLR + 0.75% subject to maximum of 9.00% p.a.
9.	**Repayment**	➢ 5 years from the date of first disbursement including moratorium of 1 year. ➢ Interest be serviced as and when due including during moratorium period.
10.	**Security**	➢ The bank shall ensure to create charge on existing securities (primary as well as collateral) and on assets created out the loan under ECLGS 5.0, within 90 days from the date of first disbursement. ➢ No additional collateral shall be sought for funding under this scheme.
11.	**Guarantee**	No fresh Personal/ corporate guarantee shall be sought for funding under the scheme.
12.	**Disbursement**	➢ Separate loan account shall be opened for disbursement under the scheme and disbursement shall be made directly in CA/CC/OD limit of the borrower. ➢ Disbursement to be made under the product code 61214 - LN-WCTL ECLGS 5.0
13.	**Processing Fee, Prepayment Penalty**	Nil
14.	**Guarantee Fee Payable to Trust**	Nil
15.	**Sanctioning Authority**	

Sanctioning Authority	**Amount of Loan (in Rs. Lakhs)**
Regional Head	10.00
Dy. HOD- Retail	20.00
Chief Credit Officer-Branch Banking	40.00
Managing Director	40.00

		Credit Sanctioning Committee	Above 40.00
16.	**Appraisal/Assessment Process**		I. The account has to be standard and not SMA-2 as on 31.03.2026 across all lenders. II. The Eligible amount shall be 20% of the Peak fund based working capital outstanding, during the period 01.01.2026 to 31.03.2026. III. The bank shall verify the total outstanding with credit bureau or CRILIC data. IV. For the purpose of calculating fund-based working capital outstanding, the credit facilities to be considered shall include Cash Credit (CC), Overdraft (OD), Working Capital Demand Loan (WCDL), Working Capital Term Loan (WCTL) etc. V. **Exception to overdues above 60 days in respect of credit card/savings account/current account of the borrower** can be permitted if such overdues do not exceed 1% of the loan amount extended under ECLGS5.0 facility, the overdue amounts are regularized prior to assistance being provided under ECLGS 5.0 and are within the materiality concept being followed by the bank. VI. For MSME borrowers seeking assistance under ECLGS 5.0, UDYAM Registration is generally required as proof of MSME status. Without UDYAM registration, the borrower may not be treated as an MSME for eligibility purposes. Further, Udyam Assist Certificate (UAC) issued by Ministry of Micro, Small and Medium Enterprises is also accepted as large number of borrowers from the Micro Enterprises category have Udyam Assist Certificate (UAC) as a unique identification

		proof of their business enterprises. Accordingly, borrowers holding either a valid UDYAM Registration or UAC can be considered for ECLGS 5.0 assistance. VII. In consortium or multiple banking arrangements, a borrower may avail funding under ECLGS 5.0 from a specific lender for an amount exceeding that lender's proportional 20% share of the total eligible assistance. However, in such cases, a No Objection Certificate (NOC) must be obtained from the other lender(s) whose proportionate share under ECLGS is proposed to be availed from the specific lender. The Member Lending Institution (MLI) sanctioning the enhanced amount must obtain and retain: • The NOC(s) from the concerned lender(s), and • The relevant loan ledger/documentation. These documents will be required at the time of claim settlement.
17.	**Documentation**	The following loan documents shall be executed: I. Loan Application(L-101) II. DP Note (L-001) III. Take Delivery Letter (L-002) IV. Agreement prescribed for WCTL (L-155) V. Undertaking shall be obtained from the borrower to the effect: a. That they will not create any charge on the security held in the account in favour of any other creditor without prior permission of the bank and the trustee company.

		b. The bank shall have the right to list the defaulted borrower's name and particulars on the website of the trustee company.
18.	**Release/ Replacement of Securities**	Release of existing securities is not permitted under scheme. Replacement of security is permitted subject to the new securities are clear/marketable and not below the value of existing securities till loan under scheme is extinguished.
19.	**Invocation of Guarantee**	I. The guarantee provided under this Scheme may be invoked by the MLI on the ECLGS 5.0 loan account turning into NPA, provided that the said loan account was covered under ECLGS 5.0 at the time of the account turning NPA. II. The Member Lending Institution (MLI) shall enter the date of NPA, on the portal of NCGTC, within 90 days of account turning NPA; III. Interim Claim – The MLI shall furnish the details of the NPA account while lodging interim claim along with following documents: a. Sanction letter of facility under the Scheme; b. Loan ledger of the borrower's existing facility for the fourth quarter of FY 2025–26 (i.e., from 01.01.2026 to 31.03.2026, both days inclusive). c. Loan Ledger of facility under the Scheme till date of claim indicating date wise outstanding balance. d. Credit Bureau report/data evidencing status of account on reference date i.e. March 31,2026 v. Document evidencing the Legal action taken

		IV. The MLI shall furnish the details of the NPA account which would include amount in default, status of legal action etc. in the claim lodgement page on the portal. The MLI would also be required to upload Management Certificate certifying certain details about the account. On submission of this claim, NCGTC would initiate action to approve the claim request and arrange to pay 75% of the amount in default within 30 days of the claim date, provided all requisite documents are submitted and the claim is found to be in order and complete in all respects. This shall be treated as Interim Claim. V. The MLI shall also furnish details of the recoveries in the account and after adjusting such recoveries towards the legal costs incurred by them, remit the balance amount to NCGTC within 30 days, failing which MLI shall be required to pay the recovered amount along with interest at 4% over and above the prevailing repo rate for the period for which payment remains outstanding beyond the expiry of the said period of 30 days. Final Claim- The balance 25 per cent of the guaranteed amount will be paid on conclusion of recovery proceedings or three years from date of settlement of first claim, whichever is earlier. VI. Mere issue of recall notice shall not be construed as initiation of legal action. Legal action shall be considered as initiated upon filing of application in Lok Adalat, Civil Court, DRT or after action pursuant to the notice issued under Section 13(4) of SARFAESI Act, 2002 or after admission of

		application under NCLT or such other action as may be decided by NCGTC from time to time.
20.	**Appropriation of recovery amount**	Post invocation of the guarantee claim, if any recoveries are made in the account, MLIs shall first adjust such recoveries towards default amount relating to first charge and the legal costs incurred by them for recovery of the amount and shall thereafter remit to NCGTC the balance recoveries.
21.	**Credit Risk Weight Assignment**	In case the credit facility under ECLGS 5.0 is covered by any existing or future schemes/guarantees launched by NCGTC, becomes non-performing, no provision need be made towards the guaranteed portion. The amount outstanding, in excess of the guaranteed portion, should be provided for as per the extant RBI guidelines on provisioning for non performing assets. Guarantee cover on non-fund-based facility shall reduce proportionately each year and hence the MLI should apply the risk weight on the outstanding facility accordingly.
22.	**Other important aspects**	1. The MLIs should enable communication of the Scheme to the borrowers by highlighting the Scheme details on their website and linking to Scheme webpage 2. Member Lending institution should work towards creating awareness for the Scheme by enabling communication of the Scheme through SMS and Email campaigns to all eligible borrowers 3. The MLI shall check and satisfy the eligibility of the borrower for facility under the Scheme. Guarantee shall be extended at the time of application based upon MLI’s certification. MLI should retain the details of the eligibility which shall be checked at the time of claim settlement;

		4. The Member lending institution shall closely monitor the borrower account, and shall put in all required efforts to ensure that the account is serviced regularly 5. The Member lending institution shall safeguard the primary securities in respect of the credit facility in good and enforceable condition 6. The Member lending institution shall ensure that the guarantee claim in respect of the credit facility and borrower is lodged with the Trustee Company in the form and in the manner and within such time as may be specified by the Trustee Company in this behalf and that there are no delays on its part to notify the default in the borrowers account which shall result in the Trustee Company facing higher guarantee claims 7. The payment of guarantee claim by the Trustee Company to the lending institution does not in any way take away the responsibility of the lending institution to recover the entire outstanding amount of the credit from the borrower. The lending institution shall exercise all the necessary precautions and maintain its recourse to the borrower for entire amount of credit facility owed by it and initiate all necessary actions for recovery of the outstanding amount, including such action as may be advised by the Trustee Company 8. The bank shall comply with such directions as may be issued by the Trustee Company from time to time for facilitating recoveries in the guaranteed account, or safeguarding its interest as a guarantor, as the Trustee Company may deem fit

		and the lending institution shall be bound to comply with such directions 9. The Member lending institution shall, in respect of any guaranteed account, exercise the same diligence in recovering the dues, and safeguarding the interest of the Trustee Company in all the ways open to it as it might have exercised in the normal course if no guarantee had been furnished by the Trustee Company. The lending bank shall, in particular, refrain from any act of omission or commission, either before or subsequent to invocation of guarantee, which may adversely affect the interest of the Trustee Company as the guarantor. In particular, the lending institution should intimate the Trustee Company while entering into any compromise or arrangement, which may have the effect of discharge or waiver of personal guarantee(s) or security 10. The Bank shall also ensure either through a stipulation in an agreement with the borrower or otherwise, that it shall not create any charge on the security held in the account covered by the guarantee for the benefit of any account not covered by the guarantee, with itself or in favour of any other creditor(s) without intimating the Trustee Company. Further the lending institution shall secure for the Trustee Company or its appointed agency, through a stipulation in an agreement with the borrower or otherwise, the right to list the defaulted borrowers' names and particulars on the Website of the Trustee Company.

		11. The Bank shall furnish to the Trust/NCGTC, the details of its efforts for recovery, realizations and such other information as may be demanded or required from time to time. The Bank will hold lien on assets created out of the credit facility extended to the borrower, on its own behalf and on behalf of the Trust. The Trust shall not exercise any subrogation rights and that the responsibility of the recovery of dues including takeover of assets, sale of assets, etc., shall rest with the Bank. 12. In the event of a borrower owing several distinct and separate debts to the Bank and making payments towards any one or more of the same, whether the account towards which the payment is made is covered by the guarantee of the Trust or not, such payments shall, for the purpose of this clause, be deemed to have been appropriated by the Bank to the debt covered by the guarantee and in respect of which a claim has been preferred and paid, irrespective of the manner of appropriation indicated by such borrower or the manner in which such payments are actually appropriated. 13. Every amount recovered and due to be paid to the Trust shall be paid without delay, and if any amount due to the Trust remains unpaid beyond a period of 30 days from the date on which it was first recovered, interest shall be payable to the Trust by the Bank at the rate which is 4% above Repo Rate for the period for which payment remains outstanding after the expiry of the said period of 30 days.

		14. The Bank shall submit such statements and furnish such information as NCGTC may require in connection with guarantee under this Scheme. 15. The Bank shall also furnish to NCGTC all such documents, receipts, certificates and other writings as the latter may require and shall be deemed to have affirmed that the contents of such documents, receipts, certificates and other writings are true, provided that no claim shall be rejected and no liability shall attach to the lending institution or any officer thereof for anything done in good faith. 16. NCGTC shall, insofar as it may be necessary for the purposes of the Scheme, have the right to inspect or call for copies of the books of account and other records (including any book of instructions or manual or circulars covering general instructions regarding conduct of advances) of the lending institution, and of any borrower from the lending institution. Such inspection may be carried out through the officers of the Fund or any other person appointed by NCGTC for the purpose of inspection. Every officer or other employee of the lending institution or the borrower, who is in a position to do so, shall make available to the officers of the Fund or the person appointed for the inspection as the case may be, the books of account and other records and information which are in his possession.
23.	**Definitions**	For the purposes of this Scheme – i. "**Amount in Default**" means the principal and interest amount outstanding in the account of the

		borrower in respect of term loan/working capital term loan facility, as the case may be, as on the date of the account becoming NPA, or on the date of lodgment of claim application, whichever is lower. ii. "**Credit facility**" means MSMEs/Non MSMEs (except Airline sector): Financial assistance provided under the Scheme by way of additional working capital term loan facility to borrowers including MSMEs borrowers, who have availed loan for business purposes. The financial assistance provided as part of the Scheme is to be operated as a separate loan account. iii. "**Member Lending Institution(s)**" (MLIs) • Scheduled Commercial Banks, • Scheduled Urban Co-operative Banks (SUCBs) • Non-Banking Financial Companies registered with RBI • Financial Institutions: As defined in sub-clause (i) of clause I of Section 45-I of Reserve Bank of India Act ,1934.

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