

# WORKING CAPITAL FACILITY AGREEMENT

CIN No. L36911RJ1996PLC011381

**THIS WORKING CAPITAL FACILITY AGREEMENT ("Facility Agreement")** made on the day, month and year set out in Part A of the Schedule 1 hereof between the Borrower, being the person(s) named in Part A of the Schedule 1 hereof (hereinafter referred to as the "Borrower" which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include its successor(s) and permitted assign(s)), of the ONE PART

The expression 'Borrower', unless it be repugnant to the context or meaning thereof, shall mean and include: (i) in the event that the Borrower is a Company within the meaning of the Companies Act, 2013 or a Limited Liability Partnership, incorporated under the Limited Liability Partnership Act, 2008, its successors; (ii) in the event that the Borrower is a partnership firm for the purposes of the Indian Partnership Act, 1932, the partners for the time being and from time to time and their respective legal heirs, executors and administrators, legal representatives and successors; (iii) in the event that the Borrower is a sole proprietorship, the sole proprietor and his/ her legal heirs, administrators, executors and legal representatives; (iv) in the event that the Borrower is an individual, his/her legal heirs, administrators and executors; (v) in the event that the Borrower is a joint Hindu Undivided Family, the Karta and any or each of the adult members of the HUF and their survivor(s) and his/her/their respective heirs, executors, administrators; (vi) in the event that the Borrower is a society, the members of the governing body of the Society and any new members elected, appointed or co-opted thereon; (vii) in the event that the Borrower is a Trust, the Trustee or Trustees for the time being thereof and their respective legal heirs, executors, administrators and successors;

## AND

**AU SMALL FINANCE BANK LIMITED**, having CIN no. L36911RJ1996PLC011381, a small finance bank having its registered office at 19-a, Dhuleshwar Garden, Ajmer Road, Jaipur - 302001, Rajasthan, hereinafter called as the "**Bank**" (which expression shall unless it be repugnant to the context or meaning thereof shall mean and include its successors and assigns) of the **SECOND PART**.

The Borrower and the Bank shall hereinafter be individually referred to as a "Party" and collectively as "Parties".

## 1.1 DEFINITIONS

Other than as defined in the body of the Facility Agreement and the Terms and Conditions and unless there is anything repugnant to the subject or context thereof, the terms listed below shall have the following meanings viz.

- a. "**Account**" shall mean the current account of the Borrower with the Bank or the account required to be opened by the Borrower at the branch of the Bank so as to avail the Facilities.
- b. "**Applicable Law**" shall mean any statute, national, state, provincial, local, municipal, foreign, international, multinational or other law, treaty, code, regulation, ordinance, rule, judgment, order, decree, bye-law, approval of any Governmental Agency, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of or determination by, or any interpretation or administration having the force of law of any of the foregoing by any Governmental Agency having jurisdiction over the matter in question, whether in effect as of the date of this Facility Agreement or at any time thereafter.

- c. "**Bank**" shall mean AU Small Finance Bank Limited.
- d. "**Board**" shall mean the board of directors of the Borrower.
- e. "**Borrower**" shall mean the person(s) named in the Schedule 1 to the Facility Agreement; including co-borrower also.
- f. "**Business Day**" shall mean a day on which the relevant office of the Bank specified in the Facility Agreement, or such other office as may be notified by the Bank to the Borrower, is open for normal business transactions.
- g. "**Chartered Accountant**" shall mean independent chartered accountant registered with the Institute of Chartered Accountants of India.
- h. "**Credit Rating Agency/ies**" shall mean the domestic credit rating agencies such as Credit Analysis and Research Limited, CRISIL Limited, ICRA Limited, Brickwork India Private Limited and international credit rating agencies such as Fitch, Moodys and Standard & Poor's and such other credit rating agencies identified and/or recognized by the RBI from time to time.
- i. "**CRILC**" shall mean Central Repository of Information on Large Credits.
- j. "**Drawdown**" shall have the meaning ascribed to clause 2.8 hereof.
- k. "**Drawing Power**" in connection with the relevant Facilities, shall mean the drawing power of the Borrower to make draws from time to time under each of such Facilities upto the amount of respective Limits but not exceeding the value of the current assets, if any, provided as Security to the Bank for such of the Facilities as drawn by the Borrower less the corresponding Margin.
- l. "**Default Interest**" shall have the meaning ascribed to the term Part A of Schedule 1 hereof.
- m. "**Due Date**" shall mean the date(s) on which any amounts in respect of the Facilities including principal, interest or other monies, fall due in terms of the Transaction Documents.
- n. "**Event(s) of Default**" shall mean any of the Events of Default specified in clause 9 hereof.
- o. "**Facilities**" shall have the meaning ascribed to the term under Clause 2.1 of this Agreement.
- p. "**Final Settlement Date**" means any date on which all the outstandings in relation to the Facilities under the Transaction Documents have been irrevocable and unconditionally paid and discharged in full to the satisfaction of the Bank.
- q. "**Financial Indebtedness**" shall mean all amount due under Facilities, including interest, additional interest tax, prepayment charges, interest, commission, commitment charges, costs, expenses and include all other amounts whatsoever payable/repayable by the Borrower to the Bank under this Agreement and/or in connection with the Facilities.
- r. "**Financial Quarter**" means each calendar quarter from April 1 to June 30, July 1 to September 30, October 1 to December 31 and January 1 to March 31 of each Financial Year.
- s. "**Financial Year**" means the accounting period commencing from April 1 of each year till March 31 of the next year.

- t. **"Irregularity"** shall mean and include draws by the Borrower exceeding the Drawing Power / Limits stipulated from time to time by the Bank against the Facilities and / or non-compliance or breach of the terms and conditions of any authorisation and / or Applicable Law and / or the Transaction Documents.
- u. **"Increased Cost"** shall mean (a) an additional or increased cost (b) a reduction in the rate of return from the Facilities from the Facilities or on the Bank's (or its affiliate's) overall capital (including, without limitation, as a result of any reduction in the rate of return on the capital brought about by more capital being required to be allocated by the Bank or one of its affiliates or (c) a reduction of amount due and payable under this Agreement.
- v. **"Limits"** shall mean the amount upto which the Borrower can Drawdown under the respective Facilities.
- w. **"Margin"** shall have the meaning ascribed to it in Schedule 1.
- x. **"Material Adverse Effect"** shall mean the consequence of any event or circumstances which in the opinion of the Bank can result in a material and adverse effect on the condition (financial or otherwise), assets, operations, performance, prospects or business of Borrower/security provider or any other person or its business or the ability of any Borrower/security provider or any other person to perform and comply with its obligations under any Transaction Document or the validity, legality or enforceability of, or the rights and remedies of the Bank under any Transaction Document; or the validity, legality or enforceability of any Security Document expressed to be created pursuant to any Security Document or on the effectiveness, priority and ranking of any such Security.
- y. **"MCLR"** shall mean the "marginal cost of funds based lending rate" of the Bank determined (and revised) in accordance with the guidelines issued by RBI in this regard) (as amended or revised from time to time) and corresponding internal policies of the Bank, as reset from time to time and as revised in accordance with this Facility Agreement.
- z. **"Overall Limits"** shall mean the aggregate of the limits of the various Facilities as specified in Schedule I hereof or as may be increased/decreased by the Bank from time to time at its discretion.
- aa. **"Obligor"** shall mean the Borrower and the security provider.
- bb. **"Potential Event of Default"** shall mean an event, which with the lapse of time or giving of notice, determination of materiality or non-fulfillment of any other applicable condition (or any combination of any of the foregoing) would constitute an Event of Default.
- cc. **"Purpose"** shall mean the purpose(s) for which the Facilities have been availed of by from the Bank and as more particularly specified in the Sanction Letter and Schedule 1 hereof.
- dd. **"PDCs"** The Borrower hereby agrees, undertakes and confirms that it shall deliver to the Bank post-dated cheques more particularly described in Schedule 1 towards the payment of the outstanding obligations along with the Interest with the Lender named as the payee therein ("PDCs").
- ee. **"RBI"** shall mean Reserve Bank of India.
- ff. **"Sanction Letter"** shall mean the letter as of the date specified in Schedule 1 hereof in connection with sanction of the Facilities, and as amended from time to time.
- gg. **"Security"** shall mean all the Security Interest and rights created or to be created in terms of the Security Documents.
- hh. **"Security Documents"** shall mean all agreements, instruments, undertakings, indentures, deeds, writings and other documents executed or entered into, or to be executed or entered into, by the Borrower or security provider, as the case may be, in relation, or pertaining, to creation of Security Interest as contemplated by, or under the Transaction Documents, and each such Security Documents as amended from time to time.
- ii. **"Security Interest"** shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), preference, priority or other security agreement of any kind or nature whatsoever.
- jj. **"Transaction Documents"** include the Facility Agreement, the Terms and Conditions, the Sanction Letter, all other agreements, instruments, power(s) of attorney, undertakings, indentures, deeds, writings and other documents whether financing, security or otherwise executed or entered into, or to be executed or entered into, by the Borrower/security provider or as the case may be, any other person, in relation, or pertaining, to the transactions contemplated by, or under the Transaction Documents, and each such Transaction Documents as amended from time to time.

## 1.2 Interpretation

- (a) The Schedules constitute an integral and operative part of this Facility Agreement.
- (b) References to a **"person"** or **"Person"** (or to a word importing a person) shall be construed so as to include an individual, statutory corporation, body corporate, partnership, joint venture, association of persons, Hindu Undivided Family (HUF), societies (including co-operative societies), trust, unincorporated organisation, government (central, state or otherwise), sovereign state, or any agency, department, authority or political subdivision thereof, international organisation, agency or authority (in each case, whether or not having separate legal personality) and shall include their respective successors and assigns and in case of an individual shall include his legal representatives, administrators, executors and heirs and in case of a trust shall include the trustee or the trustees for the time being;
- (c) Reference to a **"Party"** to any document includes that Party's successors, executors, permitted transferees and permitted assignees, as the case may be.
- (d) The word **"drawals"**, **"draw"** and **"drawn"** shall include disbursements / drawings from time to time under the relevant Facilities and / or issuance of BGs and / or LCs.
- (e) Unless otherwise specified, whenever any payment to be made or action to be taken under this Facility Agreement, is required to be made or taken on a day other than a Business Day, such payment shall be made or action be taken on the immediately preceding Business Day.
- (f) Any consent, approval, determination, waiver or finding to

- be given or made by any Bank shall be made or given by the Bank in its sole discretion.
- (g) In the event of any disagreement or dispute between the Borrower and the Bank regarding the materiality of any matter including any event, occurrence, circumstance, change, fact, information, document, authorisation, proceeding, act, omission, claims, breach, default or otherwise, the opinion of the Bank in relation to the materiality of any of the foregoing shall be final and binding on the Borrower.
  - (h) The Sanction Letter shall be read in conjunction with the provisions of the Facility Agreement and shall form an integral part of the Facility Agreement. To the extent of any inconsistency or repugnancy, the contents of the Facility Agreement shall prevail to all intents and purposes.
  - (i) The terms 'Borrower' shall include, unless repugnant to the context or meaning thereof, in case being a "company" - their respective successors and permitted assigns, in case of a "partnership firm" - their respective partners for the time being in the firm and the survivor or survivors of them and their respective heirs, administrators, legal representatives, and permitted assigns' and in case of a "proprietary concern" or an Individual - their respective heirs, administrators, legal representatives and permitted assigns of the proprietor/ individual.

#### TERMS OF THE FACILITIES

- 2.1 The Borrower agrees to avail from the Bank and the Bank agrees to grant / extend to the Borrower various working capital facilities upto overall limits (the "Overall Limits/Facilities") in the aggregate not exceeding amounts specified in the Schedule 1, hereof / the Sanction Letter, subject to the terms and conditions contained in the Agreement. The Facilities can be interchangeable, at the discretion of the Bank.
- 2.2 The Borrower shall open an Account with the Bank at the branch specified in Schedule 1. The Borrower shall at all times maintain the Margin as specified in Schedule 1 which shall be varied both upwards and downward from time to time by the Bank.
- 2.3 The amounts upto which the Borrower can draw under each of such Facilities shall not, at any one time, exceed sums / limits (the "Limits") specified against each of such respective Facilities in the Sanction Letter. Provided, however, the aggregate amounts of all the Limits shall not at any point of time exceed the amount of the Overall Limits. All outstanding amounts of interest, commission, discount, charges and other monies in respect of the respective Facilities, whether debited to the Account or not, shall also be included in determining the availability of the Overall Limits / respective Limits. Unless the Bank otherwise Agree, the right of the Borrower to make draws from the Facility shall cease on the expiry of the Availability Period as specified in the Schedule.
- 2.4 The Borrower shall pay to the Bank the Facilities, all interest, commission, discount, charges on the amounts outstanding from time to time under the Facilities and all other monies, at the rate(s), on the date(s) and in the manner specified in the Sanction Letter or at such other rate(s) as may be decided by the Bank from time to time, at its sole discretion. The Borrower shall also pay all fees and other monies in accordance with the terms of this Facility Agreement. Unless otherwise specified in the Sanction Letter, the Borrower shall repay the Facilities on demand to the Bank.

- 2.5 (a) Where interest is charged by the Bank at a concessional rate(s) on any of the Facilities granted by the Bank to the Borrower under any "interest subsidy scheme" or any other similar scheme(s) formulated by the Governmental Agency and / or RBI and / or any other authority from time to time, the Borrower agrees and confirms that in the event of the withdrawal, modification and / or variation of such scheme(s), the concessional rate(s) of interest shall stand withdrawn and the rate(s) of interest of the Bank applicable at such point of time to such Facilities shall become effective from the date (hereinafter referred to as the "said date") of such withdrawal, modification and / or variation of such scheme(s) and the Bank shall become entitled to charge and the Borrower shall be liable to pay interest at such usual rate(s) from the said date;
- (b) In case the relevant Facilities are eligible for cover under any "guarantee scheme", the Borrower shall bear the guarantee fee paid / to be paid in connection with such Facilities; such guarantee fee may be debited to the relevant Account and shall be treated as part of the Facilities and shall carry interest at the rate specified in the Sanction Letter.
- 2.6 The Borrower covenants that the Borrower shall deliver to the Bank,
  - (a) if the Bank so requires, a certificate to the effect that the Facilities have been utilised for the Purpose, within such time and in a manner as may be acceptable to the Bank.
  - (b) as and when stipulated by the Bank, a certificate from a Chartered Accountant/ the statutory auditor of the Borrower regarding the end use of the Facilities within such time and in a manner as may be acceptable to the Bank, in order to verify, inter alia, that the Facilities have not been siphoned off/diverted for application other than the Purpose.
  - (c) The proceeds of the facilities are not to be utilized by the Borrower for investments in shares, debentures, advances and inter- corporate loans/ deposits to other companies (including subsidiary and other group companies).
  - (d) The Borrower expressly recognizes and accepts that the Bank upon granting the Facilities, shall be absolutely entitled to, and shall have full power and authority to sell, assign or otherwise transfer in any manner whatsoever, in whole or in part, and in such manner and on such terms as the Bank may decide (including if deemed appropriate by the Bank reserving a right to the Bank to retain its power to proceed against the borrower on behalf of the purchaser, assignee or transferee) any or all out standings and dues of the Borrower, to any third party of the Bank's choice without any further reference or intimation or notice to the Borrower, and without seeking any consent of the Borrower. Any such action and any such sale, assignment or transfer shall bind the Borrower to accept such third party as creditor exclusively or as a joint creditor with the Bank or any other person, as the case may be. Any costs in this behalf, whether on account of such sale, assignment or transfer or enforcement of rights and recovery of outstandings and dues, shall be to the account of the Borrower.
- 2.7 The Bank may, on such terms and conditions as the Bank may deem fit, agree to the Borrower's request for enhancement or decrease in the Overall Limits / respective Limits.
  - (a) The Borrower agrees and covenants as under:-

The Borrower hereby agrees and promises with the Bank to pay the amounts outstanding under the Working Capital Term Loan ("WCTL") granted and/or agreed to be granted by the said Bank to the Borrower as per Reserve Bank of India Credit Policy Guidelines.

Overdraft and working capital term loan Components may be readjusted as per Reserve Bank of India Directives on bifurcation of fund based credit facilities;

The Borrower shall be bound to pay to the Bank as per the repayment schedule/structure as specified in the Sanction Letter and all interests additional and/or penal interests, if any, costs, charges, expenses payable or to become payable by the Borrower to the Bank in connection therewith.

Bank shall be entitled to recall the entire amount outstanding, together with interest and other charges, if the performance of the Borrower is not satisfactory or where the Borrower is found to have used the amount for the purpose other than for which WCTL are sanctioned or for any other reason considered necessary.

The Borrower hereby authorizes the Bank to credit the Loan amounts to the overdraft accounts of the Borrower in instalments, if need be, having regards to the need of the Borrower, unless the Bank consents to any other mode of disbursement.

The Borrower hereby also authorizes the Bank to recover the WCTL /interest due from time to time by debit to the Borrower's overdraft accounts or current account(s) as the case may be, without prejudice the Borrower's obligations to repay as undertaken under these presents.

- 2.8 Subject to the compliance of the terms and conditions of this Agreement, the Facilities may be drawn out of the Account from time to time / disbursed in installments and the Facilities shall be utilised by the Borrower exclusively for the Purpose. The Bank may, at the request of the Borrower, make / allow disbursements / draws under the Facilities by cheques / pay orders / authorisations and / or by issuance of Bank Guarantess and / or Letter of Credits.
- 2.9 In the event any monies are remaining due and payable by the Borrower to the Bank, under the Transaction Documents or otherwise, the Bank may, at its sole discretion, reduce the availability of the amounts of the Overall Limits and / or adjust such monies against the respective available Limits and all such adjustments shall be treated as draws by the Borrower.
- 2.10 The Borrower shall at all times confine the draws out of the relevant Facilities within the respective Drawing Power. Provided, however, the Bank may at the specific request of the Borrower and at its own discretion, allow draws beyond such Drawing Power for such period as may be permitted by the Bank. Provided, further, the grant of such excess drawings to the Borrower shall be liable to be suspended / discontinued / revoked by the Bank without any notice to the Borrower. The Borrower shall repay all such excess drawings on demand unless otherwise specified by the Bank. Till repayment of such excess drawings, the excess drawn amounts shall carry interest at the Default Interest. All the provisions of the Transaction Documents and all securities created, if any, pursuant to the Facility Agreement will extend to cover such excess drawings.
- 2.11. Interest and Default Interest/Commission/Other Charges etc.
- (i) The interest will be charged on the Facilities as specified in Schedule 1. The interest specified in Schedule 1 will be

computed from the respective Due Dates and shall become payable upon the footing of compound interest with monthly rests or such other rests as may be prescribed by the Bank from time to time.

- (ii) Interest on the outstanding amounts under the Facilities / discount or other charges when debited to the relevant Account by the Bank, shall be calculated on the daily debit balance of such Account.
- (iii) Interest, commission, discount and all other charges shall accrue from day to day and shall be computed on the basis of 365 days a year for rupee Facilities and 360 days for foreign currency Facilities, and the actual number of days elapsed.
- (iv) The interest payable by the Borrower shall be subject to the changes based on guidelines / directive issued by RBI to small finance banks from time to time and the changes made by the Bank.
- (v) If the Due Date in respect of any amount payable under the Facilities falls on a day which is not a Business Day at the place where the payment is to be made, the immediately preceding Business Day shall be the Due Date for such payment.
- (vi) The Borrower agrees that it shall be liable to pay to the Bank commission on various non-fund facilities such as letters of credit, bank guarantees, etc. at the rate specified in the Schedule 1 hereof or as may be intimated by the Bank in writing from time to time.
- (vii) The Borrower shall be liable to pay the Bank non-refundable commitment charges at the rate as specified in Schedule 1 hereof. The Bank shall be entitled to reset the spread on the interest reset date and MCLR/External Benchmark Rate at such frequency as the Bank deems fit. Bank shall also have right to reset the spread consequent to any change in MCLR/EBR and will also have the right to reset the MCLR/EBR if RBI revises the standard provisioning requirement of banking asset or RBI enhancing the risk weightage norms for banking asset or RBI changing the norms for classification of banking assets or downward revision in the credit rating of the Borrower or the security provider or occurrence of event of default or potential event of default or bank's internal review or RBI changing the policy of computation of MCLR/EBR.
- The interest rate is subject to variation in consonance with RBI directions, statutory and regulatory requirements, conditions of money market, availability of loanable funds etc. Upon reset of MCLR/EBR/spread, the Bank shall notify the Borrower of the revised interest rate and the Borrower shall pay the revised interest rate from the reset date.
- (viii) Timely repayment of the loan facility is essence of this contract. The Borrower acknowledges and agrees that the Borrower shall be liable to pay prepayment/pre-closure charges as per the prevailing policy of the Bank or as mentioned in the sanction letter in case the Facilities are prepaid/pre-closed through any source of funds(s) other than the Borrower's own funds. The decision of the Bank shall be final and binding in this regard.
- (i) upon occurrence of a default in payment of any outstandings on the Due Date or breach of any terms

or conditions of any Transaction Documents, the Borrower shall, without any demur or protest, pay the Default Interest over and above the applicable interest on overdue amounts in respect of which the default has occurred (whether such overdues have arisen at stated maturity, by acceleration, by mandatory prepayment, or otherwise in accordance with this Agreement).

- (ii) Such Default Interest shall, in the absence of any conditions under the Sanction Letter shall be payable on demand and in the absence of any such demand, on the next Due Date occurring after the date of default.
- (iii) The Default Interest shall be payable on and from the date of default up to and excluding the date on which such delay/default is rectified to the satisfaction of the Bank or such delay/ default (other than in case of any payment defaults) is waived by the Bank. The Bank's right to claim the Default Interest shall be without prejudice to the Bank's right to take any other action available to them under the terms of the Transaction Documents or under Applicable Law in respect of such non-payment on a Due Date.
- (iv) The Borrower acknowledges and agrees that the Default Interest are reasonable and that they represent genuine pre-estimates of the loss expected to be incurred by the Bank in the event of non-payment of any monies by the Borrower.
- (v) All payments by the Borrower under the Transaction Documents shall be made free and clear of and without any deduction, except to the extent that the Borrower is required by Applicable Law to make payment subject to any tax deduction at source under the Applicable Law. In respect of taxes payable at source in respect of payments due under this Agreement, the Borrower shall deliver to the Bank satisfactory evidence in accordance with the prevailing tax laws as may be amended from time to time, that the tax has been deducted at source and duly remitted to the appropriate authority.
- (vi) The Borrower shall bear all taxes, other imposts, costs, charges, fees and duties including stamp duty (including any differential or additional duties and taxes which may be required pursuant to the provisions of the Applicable Laws from time to time) and relevant registration and filing charges in connection with the Transaction Documents, as may be levied from time to time by any Governmental agency or other authority including those incurred by the Bank, in accordance with the Applicable Laws in respect of or in connection with the Facilities, and the Transaction Documents. In the event of the Borrower failing to pay the monies referred to above, the Bank shall be at liberty, but shall not be obliged to pay the same. In the event, the Bank has paid monies referred to above; the Bank may debit the sum to any account of the

Borrower or charge the same to any Facility.

- (vii) The Borrower Agrees to pay to the Bank the amount of any Increased Cost incurred by the Bank or any of its affiliates.
- (viii) The Borrower agrees, declares and confirms that, notwithstanding any of the provisions of the Indian Contract Act, 1872 or any other Applicable Law, or any terms and conditions to the contrary contained in the Facility Agreement, the Bank may, at its absolute discretion, appropriate any payments made by the Borrower under the Facility Agreement / any amounts realised by the Bank by enforcement of security or otherwise, towards the dues payable by the Borrower to the Bank under the Facility Agreement and / or other agreements entered into between the Borrower and the Bank and in any manner whatsoever.
- (ix) Unless otherwise specified in the Facility Agreement, the Sanction Letter or the other Transaction Documents all monies payable by the Borrower to the Bank shall be paid into the relevant Account through which the Borrower was allowed the operation of the Facilities or to such other account(s) as the Bank may notify to the Borrower by cash, electronic fund transfer, mail transfer or by cheque/bank draft drawn in favour of the Bank on a scheduled bank and shall be so paid as to enable the Bank to realise, at par, the amount on or before the relative Due Date. Credit for all payments by cheque / bank draft will be given only on realisation or on the relative Due Date, whichever is later.

The Borrower acknowledges that any sums, interest, default amount including but not limited to any prepayment premium; and the Default Interest Rate, are reasonable and that they represent genuine pre-estimates of the loss which would be incurred by the Bank in the event of non-payment or default by the Borrower in accordance with the terms of this Agreement and other Finance Documents. The Borrower waives any right it may have to raise any claim or defence that such payment is or will be in the nature of a penalty and undertakes not to raise such claim or defence.

### 3 Representation and Warranties

- (i) The Borrower hereby warrants, represents and confirms that (a) the Borrower and each corporate Obligor are companies, duly incorporated and validly existing under the law of their jurisdiction of incorporation affecting its business and operations. (b) all the information provided by the Borrower to the Bank is true and accurate in all respects, are not misleading and does not omit any material fact, the omission of which would make any fact or statement therein misleading (c) all the licenses, permits and authorizations required for carrying on its business or industry have been obtained and are in full force and effect (d) the Borrower is in compliance in all respects with all Applicable Laws, including environmental laws, and regulations affecting its assets, its business and operations and has good title to or valid leases or licenses of, or is otherwise entitled to use its assets (e) the Borrower has the power to avail of the Facilities



from the Bank and the total borrowings including the Facilities are within the prescribed limits, if any (f) the Borrower has the power and authority to execute, deliver and perform the terms and provisions of this Agreement and has taken all the necessary action required to authorize the execution, deliver and performance of this Agreement and upon execution, this agreement will constitute legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms (g) the entry into, delivery and performance by the Borrower of, and the transactions contemplated by, the Transaction Documents do not and will not conflict with any Applicable Law, with the constitutional documents, if any, of the Borrower; or with any agreement or instrument which is binding upon the Borrower or on any of its assets (h) no default is subsisting or might result from the execution of, or the availing of the Facilities under, the Facility Agreement by the Borrower (i) the most recent audited accounts of the Borrower have been duly audited and prepared in accordance with applicable accounting principles and practices and represent a true and fair view of its financial condition and there has been no Material Adverse Effect since the date on which those accounts were drawn up (j) all taxes and compliance reports have been filed in time and no claims are pending thereof (k) the facility is not being availed for any activities relating to producing or consuming Ozone Depleting Substances, in terms of Montreal Protocol to which Government of India is a party (l) none of the Borrower and its promoters, directors and partners, affiliates, subsidiaries or associate companies or group companies are in default or been included in any list of defaulters or have committed breach of any agreement with any person who has provided loan or deposits or advances or guarantees or other financial facilities to the Borrower or any regulatory or statutory authority (m) there are no legal or other adverse proceedings of any nature pending against the Borrower or its promoter, directors, partners in management of the Borrower or any of its assets which have a Material Adverse Effect (n) the properties mortgaged are mortgaged by its legal owners and there are no encumbrances over the same save and except as permitted by the Bank and the Borrower shall not hereafter encumber the Assets without the permission of the Bank (m) the purpose and the business of the Borrower is legally and regulatory valid (n) no notice has been served with respect to winding up, receivership, custodian for the Borrower or any of its assets or that the Borrower be placed in bankruptcy; the passing of a resolution for the winding up of the Borrower or any proposal or apprehension for passing such resolution; a scheme of arrangement, amalgamation or reconstruction or composition with creditors of the Borrower or taking of any action to seize, attach, take possession of or appoint a custodian receiver, liquidator or manager in respect of the Borrower or any asset of the Borrower (o) the borrower has not committed any breach under any agreement entered into with any person for availing any finance facility.

- (ii) Except to the extent disclosed to the Bank, (i) all the Borrower's contracts or agreements with, or any

commitments to, any affiliates or group companies (if applicable) are on arms' length basis; (ii) No director of the Bank is a director, manager, managing agent, employee or guarantor of the Borrower, or of a subsidiary of the Borrower, or of the holding company of the Borrower, or holds substantial interest, in the Borrower or a subsidiary or the holding company of the Borrower and no directors of any other bank, including directors of scheduled cooperative bank and directors of subsidiaries/trustees of mutual funds/venture capital funds, holds substantial interest or is interested as director or as a guarantor of the Borrower; and (iii) No relative (as specified by RBI) of a Chairman / Managing Director or director of banking company, including directors of scheduled cooperative bank and directors of subsidiaries/trustees of mutual funds/venture capital funds (including the Bank) or a relative of senior officer (as specified by RBI) of the Bank, hold substantial interest or is interested as a director or as guarantor of Borrower.

The Borrower shall not induct a person in the capacity of director / promoter who is a director / partner / member / trustee of a company / firm / association of persons / trust as the case may be, identified as willful defaulter. In the event of such a person is found to be a director / partner / member / trustee of a company / firm / association of persons / trust as the case may be, identified as willful defaulter, the Borrower shall take expeditious and effective steps for removal of such person.

- (iii) Other than the payment of stamp duty which has already been paid and is shown on the face of each Transaction Document and the filing of forms as required under the Act with the relevant Registrar of Companies, it is not necessary that the Transaction Documents be filed, recorded or enrolled with any court or other authority or that any stamp, registration or similar tax be paid on or in relation to the Transaction Documents or the transactions contemplated by the Transaction Documents. No Potential Event of Default is continuing or might reasonably be expected to result from the availing of the Facilities. No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or to which any of its assets are subject and no notice has been received and no proceeding is threatened in relation to any other agreement or instrument.
- (iv) Disbursement made to one borrower shall amount disbursement to all the borrowers.
- (v) The Borrower shall bear all costs of making good any deficit in stamp duty on the documents executed by the Borrower in relation to the Facilities and/or security created by the Borrower in favour of Bank.
- (vi) Borrower shall allow the Bank to audit and inspect its books and records and the premises mortgaged and goods hypothecated to the Bank.

#### 4 Covenants

4.1 The Borrower undertakes and covenants with the Bank that the Borrower shall utilize the Facilities only for the Purpose permitted by the Bank and also repay the Facilities and interest thereon and all monies owing to the Bank hereunder, according to the terms hereof

and ensure that the payment obligations under the unsecured Facilities, if any will at all times rank at least pari passu with all your other present and future unsecured indebtedness. The Borrower shall conduct business in compliance with all applicable laws, regulations, Authorizations, licenses and consents. The Borrower shall also notify the Bank of the occurrence of any event or the existence of any circumstance which constitute or results in any declarations, representations, warranty, covenants or condition under this agreement and/or the other Transaction Documents being or becoming untrue or incorrect in any respect. the Borrower shall ensure, that at its own cost and expense (if required), the Borrower shall keep or cause to be kept the security, if any, under the Borrower's Loan Documents, insured against such risks, and for such amount(s) and for such period and in such form(s) as the Lender may from time to time require, with the Borrower named as loss payee therein. "The Borrower shall maintain insurances against such risks and to such extent as is usual and appropriately prudent. The Borrower shall deliver to the Bank copies of all documents, unaudited semi-annual profit and loss statement and balance sheets requested by the Bank with the period specified by the Bank, independently audited annual accounts within six months, or such other period as reasonably required by the Bank from time to time. The Borrower shall promptly inform the Bank of any litigations, or other proceedings, which have a Material Adverse Effect.

- 4.2 The Borrower shall perform on request of the Bank and at the expense of the Borrower, such acts as may be necessary to carry out the intent of this Agreement including but not limited to executing and delivering such further agreements, undertaking, declarations, assurances and writings, or providing additional Security as the Bank may from time to time require in relations to the Facilities.
- 4.3 The Borrower unconditionally agrees, undertakes and acknowledges that the Bank shall have the right to unconditionally cancel its outstanding un-drawn commitment in the event of deterioration in the Borrower's creditworthiness.  
For the purpose of the above clause, deterioration in the Borrower's creditworthiness shall include without limitation:
- (a) downgrade by a Credit Rating Agency;
  - (b) inclusion of the Borrower and/or any of its directors in RBI's willful defaulters list;
  - (c) closure of a significant portion of the Borrower's operating capacity;
  - (d) decline in the profit after tax of the Borrower as per prevailing policy of the Bank.
  - (e) any adverse comment from the statutory auditor of the Borrower; and
  - (f) failure of the Borrower/security provider to comply with the terms and conditions of Facility Agreement and/or Security Documents.
- 4.4 The Borrower unconditionally agrees, undertakes to get itself rated by Credit Rating Agency/ies at such intervals as may be decided by the Bank, failing which the Bank shall have the right to review the applicable interest rate and/or costs, charges and expenses, which shall be payable by the Borrower/security provider and on such date/s or within such period as may be specified by the Bank.
- 4.5 The Borrower in respect of goods, movables including movable plant and machinery and other assets stored and held in godown owned or hired by or let to the Borrower, provide the Bank and its respective agents and nominees with an unimpaired access to the godowns at

all times and where the godowns are hired by or let to the Borrower, Borrower shall furnish to the Bank a letter from the landlords/ owners consent to continue such unimpaired access to the godowns to the Bank and its respective agents and nominees and also declaring that notwithstanding any claim for any unpaid rent the landlords/owners acknowledge the prior claim of the Bank on all the good, movables and other assets stored and held therein and hypothecated, pledged or otherwise charged to the Bank and that the Bank, its respective agents and nominees shall have the right to remove the goods, movables and other assets so stored and held in the godowns whenever desired by the Bank.

- 4.6 The Borrower agrees that in addition to any other rights enjoyed by the Bank, in the event of the Borrower committing any default, the Bank shall be entitled to disclose to the RBI or any other statutory or regulatory authority or to any other third person, the name/ identity of the Borrower and/or its directors and the default committed. In case of default in payment of any of the indebtedness to the Bank, the Bank or the RBI will have an unqualified right to disclose or publish the name of the Borrower and/or its directors as defaulters (including as willful defaulters) in such manner and through such medium as the Bank and/or the RBI in their absolute discretion may deem fit. The Borrower further agrees that the Bank may, as it deems appropriate and necessary disclose and furnish to Credit Information Bureau (India) Ltd., and any other agency authorized in this behalf by RBI all or any of the following (a) information and data relating to the Borrower (b) the information or data relating to the Facilities availed of/to be availed, by the Borrower; and the information and details of the default, if any, committed by the Borrower, in discharge of the indebtedness .The Borrower agrees and undertakes that (a) the Credit Information Bureau (India) Ltd., and any other agency so authorized may use, process the said information and data disclosed by the Bank in the manner as deemed fit by them; and the 'Credit Information Bureau (India) Ltd., and any other agency so authorized may furnish for consideration, the processed information and data or products thereof obtained by them, to banks/ financial institutions and other credit grantors or registered users, as may be specified by the RBI in this behalf.
- 4.7 The Bank may at the risk and cost of the Borrower engage one or more person(s) to verify any facts or information furnished by, concerning or pertaining to the Borrower and/or in relation to this agreement and/or to collect the indebtedness and/or to enforce any security and may furnish to such person(s) documents, information, facts and figures as the Bank thinks fit and may delegate to such person(s) the right and authority to perform and execute all acts, deeds, matters and things connected therewith or incidental thereto as the Bank may think fit. The Bank shall be entitled to carry inspections at such intervals, as it may deem fit.
- 4.8 The Borrower hereby agrees and confirms that the Bank will have the right to disclose and share any information pertaining to the Borrower including, but not limited to, credit facility/ies, constitution, net worth, shareholding of the Borrower with any other bank(s)/ financial institution(s) in the form and manner prescribed by the RBI.
- 5. Negative covenants**
- 5.1 The Borrower covenants and undertakes that, as long as the Facilities or any part thereof are outstanding, the Borrower shall not, without the prior written consent of the Bank having been obtained (a) contract, create, incur, assume or suffer to exist any indebtedness or avail of any credit facilities or accommodation from any banks (s)

or financial institution(s) (b) amend or modify its constitutional documents, if any or any person, firm or company in any manner (other than the Banks(s) at present providing working capital facilities to the Borrower and as disclosed to the Bank,) except as otherwise permitted under this Agreement (c) undertake or permit any merger, de-merger, consolidation, reorganization, scheme of arrangement, or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction including creation of any subsidiary or permit any company to become its subsidiary (d) create or permit to subsist any charge, lien, encumbrance in any form whatsoever on any of its assets which constitute Securities, or (whether voluntarily or involuntarily (e) sell, transfer, grant lease or otherwise dispose of or deal with any of the assets which constitutes Securities for the Facilities (f) in the event the Borrower is a company declare or pay any dividend or authorize or make any distribution

(i) unless it has paid all the dues in respect of the Facilities or has made provisions therefore satisfactory to the Bank or (ii) if any Event of Default has occurred and is subsisting or would occur as a result of such payment (g) prepay any indebtedness incurred by the Borrower (h) pay any commission to its promoters, directors, managers or other persons for furnishing guarantees, counter guarantees or indemnities (i) undertake any new project, diversification, modernization, which are material in nature, or substantial expansion of any its projects (j) Make any investments whether by way of deposits, loans or investment in share capital or otherwise, in any concern or provide any credit or give any guarantee, indemnity or similar assurance except loans and advances granted in the ordinary course of business (k) change the accounting method or policies currently followed by the Borrower unless expressly required by applicable law (l) engage in any business or activities other than those which the Borrower is currently engaged (m) In the event the Borrower is a company, recognize or register any transfer of shares in the Borrower, capital made or to be made by the promoters and their associates except as may be permitted by the Bank (n) In the event the Borrower is a company (i) buy back, cancel, retire, reduce, redeem, re-purchase, purchase or otherwise acquire any of its share capital now or hereafter outstanding, or set aside any funds for the foregoing purposes, or (ii) issue any further share capital whether on a preferential basis or otherwise or change its capital structure in any manner whatsoever (iii) delist its shares

5.2 In the event of non-payment of the indebtedness, the Bank may apply all sum(s) from time to time standing to the credit of any account in the name of the Borrower or any other account of which the Borrower is the beneficial owner maintained with Bank of any of its Branches wherever situated in or towards satisfaction of the indebtedness and sign all such documents as may be required to effect such application and the Bank shall have a paramount right of set off on all monies, deposits, assets and other perporties which may now or hereafter be payable by the Bank to the Borrower for any reason or purpose whatsoever. The Bank may at any time and without notice to the Borrower combine or consolidate all or any of the accounts held in the Borrower's name or any other account of which the Borrower is the (sole) beneficial owner with any branch or of the Bank irrespective of the title of any such account or the currency in which any such

account may be dominated.

## 6. RECORDS AND INSPECTION

The Borrower shall keep and maintain in accordance with good business practice and Applicable Laws, all statutory books, books of accounts, bank statements / pass books and other records of the Borrower and in particular, maintain records showing the operations and financial conditions of the Borrower and such records shall be open to examination by the Bank and / or its authorised representatives and the Borrowers shall if so required by the Bank, furnish to the Bank at such intervals as the Bank may request a schedule or copy of all the entries which shall have been made in the said registers. The register shall clearly indicate which of the assets have been hypothecated/mortgaged/pledged or otherwise charged to the Bank or to any other person/entity.

7. Any security(ies) furnished by the Borrower, under any other agreement entered into or to be entered into with the Lender, shall be deemed to be the security(ies) under this Agreement and shall not be discharged till such time all the loan(s)/ facility(ies) are fully discharged to the satisfaction of the Lender. The Borrower expressly agrees and accepts that in the event of any default being committed by the Borrower under any other agreement with the Lender, under which the Borrower is enjoying financial/ credit facility, such event, shall be considered as an event of default occurred under this Agreement and the Lender, shall be absolutely entitled to exercise all or any of its rights under this Agreement including right to set off in respect of any amount standing to the credit of the Borrower in any/all of the loan/ facility(ies) availed/to be availed from the Lender.

## 8. REGULATORY DECLARATION

8.1 Declarations (in case Borrower is a company): By signing this Agreement, the Borrower hereby declares that as at the date hereof, none of its directors or Guarantor (or any of its directors, if applicable) is a director/senior officer of a director/senior officer of a banking company, or in a specified near relation of a director/senior officer of the Lender. Except to the extent disclosed to the Bank, all the Borrower's contracts or agreements with, or any commitments to, any affiliates or group companies (if applicable) are on arm's length basis. Further, no director of the Bank is a director, manager, managing agent, employee or guarantor of the Borrower/its subsidiary/holding company, or holds substantial interest, in the Borrower/its subsidiary/holding company and no directors of any other Bank, including directors of scheduled cooperative bank and directors of subsidiaries/trustees of mutual fund/venture capital funds holds substantial interest or is interested as director or as a guarantor of the Borrower. The Borrower or any directors/ promoters/ associate concerns/ of any of the Borrower (including the Guarantor) are not and, to the best of their knowledge::

- (i) on the Export Credit Guarantee Corporation's (ECGC's) specified approval list; or
- (ii) convicted under the provisions of Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974; or
- (iii) on RBI's wilful defaulters/ caution list; or
- (iv) on the Lender's defaulter list; or
- (v) or not qualified to act as director in accordance with applicable Law.

In case where the above negative confirmations/ declarations are not true, then the Borrower shall provide a written declaration with details of such relationship to the Lender. If the details of such



declaration change during the term of the Facility, then the Borrower shall promptly provide a written declaration to the Lender of any such changes.

- 8.2. The Borrower hereby gives specific consent to the Bank/Lender for disclosing / submitting the 'financial information' as defined in Section 3 (13 ) of the Insolvency and Bankruptcy Code, 2016 ( 'Code' for brief ) read with the relevant Regulations/ Rules framed under the Code, as amended and in force from time to time and as specified there under from time to time, in respect of the Credit/ Financial facilities availed from the Bank/ Lender, from time to time, to any 'Information Utility' ( 'IU' for brief ) as defined in Section 3 ( 21 ) of the Code, in accordance with the relevant Regulations framed under the Code, and directions issued by Reserve Bank of India to the banks from time to time and hereby specifically agree to promptly authenticate the 'financial information submitted by the Bank/Lender, as and when requested by the concerned 'IU'".

#### 9. EVENTS OF DEFAULT

The occurrence of any one or more of the following events shall constitute an Event of Default under the Facility Agreement ("Event(s) of Default") and on the question whether any of the above events/circumstances has occurred/happened, the decision of the Bank shall be final, conclusive and binding on the Borrower:

- (i) Default has occurred in the payment of any monies in respect of the Facilities on the Due Dates, whether at stated maturity, by acceleration or otherwise.
- (ii) Default other than a payment default has occurred in the performance of any covenant, condition or agreement on the part of the Borrower or any other person under the Transaction Documents.
- (iii) Any representation, warranty or statement made by any of the Obligors in any Transaction Document to which it is a party, or any other document delivered by or on behalf of it under or in connection with any Transaction Document, is or proves to have been incorrect or misleading in any respect when made or deemed to be made.
- (iv) The Security tendered to the Bank or the charges created thereon in Bank's favor shall become wholly or partially invalid or unenforceable
- (v) The Borrower shall for any reason cease or be unable to carry on business or appointment of a receiver of the Borrower's assets or the Borrower fails to maintain the financial covenants as stipulated
- (vi) The Borrower does not upon demand furnish acceptable additional or alternate security
- (vii) There exist circumstances which in the opinion of the Bank prejudicially affects or may affect the Borrower' ability to pay/ repay the amounts due under the Facilities and interest thereon or pay any amount due to the Bank
- (viii) There is change in ownership, management and control of the Borrower without prior written consent of the Bank
- (ix) Any violation of covenant of Borrower under this agreement shall also constitute event of default .
- (x) If Borrower fails to create security in favor of Bank.
- (xi) If Borrower dies.
- (xii) If Borrower ceases or threatens to cease its business.
- (xiii) 1. If the Borrower, suspends making payment on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with

any one or more of its creditors (or any class of them) with a view to rescheduling any of its indebtedness or makes a general assignment for the benefit of or composition with its creditors or admits or is ordered to pay any liability and such liability is not paid when due; and if

- (a) The value of the assets of the assets of the Borrower is less than its liabilities;
  - (b) A moratorium is declared in respect of any indebtedness of the Borrower;
  - (c) A liquidation order has been passed against the Borrower in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016;
  - (d) A resolution plan in respect of the Borrower is not submitted to the adjudicating authority at the end of the insolvency resolution process period under the Insolvency and Bankruptcy Code, 2016;
  - (e) An application is filed by any financial creditor or any operational creditor of the Borrower and/or Obligor for the insolvency resolution process under the Insolvency and Bankruptcy Code, 2016.
2. Any corporate action, legal proceedings or other procedure or step is taken in relation to:
- (a) the suspension of payments, a moratorium of any indebtedness, insolvency resolution, liquidation, dissolution, administration, provisional supervision or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Borrower;
  - (b) a composition, compromise or arrangement with any creditor of the Borrower or an assignment for the benefit of creditors generally of the Borrower (or a class of such creditors);
  - (c) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager, provisional supervisor, insolvency professional or other similar officer in respect of the Borrower or any of their assets;
  - (d) enforcement of any Security Interest over any assets of the Borrower.
  - (e) Any other event which prejudicially alters the Bank's interest or may have Material Adverse Effect.
3. The Facilities are utilized for any other purpose other than the purpose enumerated in this Agreement or the Sanction Letter.
- (a) If one or more judgments or decrees have been rendered or entered against the Borrower and such judgments or decrees are not vacated, discharges or stayed for a period of 30 days. And such judgments or decrees involve in the aggregate, a liability

which could have a Material Adverse Effect.

- (b) Failure of Borrower to get itself rated by a credit rating agency/ies.
- (c) The Borrower is unable or has admitted in writing its inability to pay any of its indebtedness as they mature or when due.
- (d) If the Borrower without prior written consent of the Bank attempts to create any charge, mortgage, pledge, hypothecation, lien or any other encumbrance over the Borrower's property or any part of the property which is made as security for the repayment of the loan.
- (e) If the Borrower being a partnership is under the process of dissolution or is dissolved.
- (f) If it is certified by an accountant appointed by the Bank (which the Bank is entitled and hereby authorized to do so at any time) that that the liabilities of the Borrower exceed the Borrower's assets or that the borrower is carrying on business at a loss and (s) If the Borrower defaults in respect of any other indebtedness to the Bank or any of the Affiliates/group companies of Borrower defaults in respect of their indebtedness to the Bank.

Upon occurrence of an Event of Default, the Bank shall be entitled to declare the Facilities to be immediately due and payable and upon such declaration, the same shall become immediately due and payable and the Borrower shall immediately pay the indebtedness to the Bank without any demur, protest or delay.

- 4. The Borrower expressly agrees and accepts that in the event of any default being committed by the Borrower under any other agreement with the Lender, under which the Borrower is enjoying financial/ credit facility, such event, shall be considered as an event of default occurred under this Agreement and the Lender, shall be absolutely entitled to exercise all or any of its rights under this Agreement or under applicable law including SARFAESI Act 2002 or any corresponding law and including right to set off in respect of any amount standing to the credit of the Borrower in any/all of the loan/ facility(ies) availed/to be availed from the Lender.
  - (a) Any financial indebtedness of the Borrower is not paid when due or within any originally applicable grace period.
  - (b) Any financial indebtedness of the Borrower is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default, a default or other similar condition or event (however described).

- (c) Any commitment for any financial indebtedness of the Borrower is cancelled or suspended by any of its creditors as a result of an event of default, a default or other similar condition or event (however described).
- (d) Any creditor of the Borrower becomes entitled to declare any financial indebtedness of the Borrower due and payable prior to its specified maturity as a result of an event of default, a default or other similar condition or event (however described).

#### **10. WAIVER**

No delay in exercising or omission to exercise any right, power or remedy accruing to the Bank upon any default or otherwise under the Transaction Documents shall impair any such right, power or remedy or shall be construed to be a waiver thereof or any acquiescence in such default, nor shall the action or inaction of the Bank in respect of any default or any acquiescence by it in any default, affect or impair any right, power or remedy of the Bank in respect of any other default. The rights of the Bank under the Transaction Documents may be exercised as often as necessary, are cumulative and not exclusive of their rights under the general law and may be waived only in writing and specifically and at the Bank's sole discretion.

#### **11. INDEMNITY**

- (a) The Borrower shall, without protest or demur, irrevocably and unconditionally pay, indemnify, defend and hold harmless, the Bank against any and all, losses, liabilities, obligations, damages, litigations expenses, judgments, costs, taxes, penalties, charges, expenses (including, without limitation, advisors' fees), claims, fines, penalties, proceedings, actions or demands, whatsoever which may be brought or made against or sustained or incurred by the Bank (whether directly or indirectly and whether paid by Bank or not) or which the Bank may become liable under or in respect of this Agreement and any action or proceedings made or brought against the Bank, its correspondents or confirming banks or agents; without deducting any tax in India whether or not such payment attract withholding tax in India or requires due certification by a qualified accountant.
- (b) The Borrower shall upon demand pay to or reimburse the Bank in full a) the legal costs of the preparation of this Agreement, documents creating security and all documents relating thereto (b) all costs, expenses and fees relating to the periodic valuation, inspection, insurance and protection/ preservation in any other manner of the security tendered to the Bank and all costs (including legal fees) incurred by the Bank in preserving perfecting or enforcing any of its rights under or in respect of this Agreement, or any present or future security and other documents

#### **12. MISCELLANEOUS**

All notices or other communications under or in connection with the Facilities shall be given in writing and, unless otherwise stated may be made by letter or facsimile. Any such notice or other communication will be deemed to be effective:

- (i) if sent by letter, when delivered personally or if dispatched by post, when recall of the letter is outside the control of the sender; and
- (ii) if sent by facsimile, on receipt of a confirmation from the correct facsimile number. Provided, however, that no notice or communication to the Bank shall be effective unless actually received by the Bank. Notices or communication may be made to:
- (a) the Borrower's address or facsimile number; and
  - (b) the Bank's address or facsimile number of its zonal / regional office specified in the Sanction Letter, or to such other address or facsimile number as may be designated by the Borrower and the Bank in writing to each other. The Borrower acknowledges and confirms that notice, if any, provided by the Bank, as specified in this paragraph or in any other manner whatsoever, of any changes in rate(s) mentioned above or any notice from the Bank for payment of amounts at the changed rate(s), shall be treated by the Borrower as sufficient and reasonable notice to the Borrower and the Bank is not bound to issue any further notice of such changes to the Borrower.
- The entries made in the accounts / account books / records of the Bank maintained in accordance with its usual practice and in compliance with the statutory requirements and / or a statement signed by a designated officer of the Bank, shall be final and binding on the Borrower. Such entries and / or statement shall be prima-facie and conclusive evidence of the existence and amount of obligations of the Borrower as therein recorded in respect of the Facilities.
- 13.** After receiving from the Bank, any statement giving details of: the aggregate debit balance in the Account as on the date stated in such statement; the further applicable accrued interest from the aforesaid date mentioned in the aforesaid statement; securities, if any, created for securing the Facilities / the amounts stated in the aforesaid Account, the Borrower shall forward its acknowledgement of the aforesaid indebtedness and the securities, if any, specified in the aforesaid statement, in the form prescribed by the Bank. If the Bank does not receive such acknowledgement from the Borrower within a period of 10 (ten) days from the date of receipt of statement from the Bank, the Borrower shall be deemed to have confirmed the correctness of the entries in such statement and acknowledged the indebtedness for the balance mentioned in the aforesaid statement. Non-receipt by the Borrower of statements pertaining to the Account or the incorrectness of any entry therein shall be brought to the notice of the Bank by the tenth day of every month or on receipt of such statement, as the case may be.
- 14.** The Agreement and all the other transaction documents (unless otherwise specified in any Transaction Document) shall be governed by and construed in accordance with the laws of India.
- 15.** The Borrower shall not assign or transfer all or any of its rights, benefits or obligations under the Transaction Documents without the approval of the Bank. The Bank may, at any time, assign or transfer all or any of its rights, benefits and obligations under the Transaction Documents without notice to the Borrower.
- Notwithstanding any such assignment or transfer, the Borrower shall, unless otherwise notified by the Bank, continue to make all payments under the Facility Agreement to the Bank and all such payments when made to the Bank shall constitute a full discharge to the Borrower from all its liabilities in respect of such payments.
- 16.** Notwithstanding anything contained above, the Bank may without notice to the Borrower in its sole discretion, share the credit risk of the whole or a part of the Facilities with any other person by way of participation. Notwithstanding such participation, all rights, title, interests, special status and other benefits and privileges enjoyed or conferred upon or held by the Bank under the Transaction Documents shall remain valid, effective and enforceable by the Bank on the same terms and conditions and the Borrower shall continue to discharge in full all its obligations under the Transaction Documents to the Bank. The Borrower shall not have and shall not claim any privity of contract with such person on account of any reason whatsoever. Any such sale, assignment or transfer shall conclusively bind the Borrower.
- 17.** Any provisions of this Agreement or any other Transaction document which is prohibited or unenforceable in any jurisdiction shall as to such jurisdiction be ineffective to the extent of prohibition or unenforceability but that shall not invalidate the remaining provisions of this agreement or any other Transaction Document or affect such provision in any other jurisdiction.
- 18.** Any provision of the Transaction Documents which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of prohibition or unenforceability but that shall not invalidate the remaining provisions of the Transaction Documents or affect such provision in any other jurisdiction.
- 19.**
- (i) On the happening of any event of defaults as stated above, the Bank shall have the right to convert (which right is hereinafter referred to as the "Conversion Right") at its option the whole or part of the outstanding amount of the Facility whether then due and payable or not), into fully paid-up equity shares of the Borrower, at the fair market value on the date or at par, whichever is lower (which date is hereinafter referred to as the "Date of Conversion") and in the manner specified in a notice in writing to be given by Bank to the Borrower (which notice is hereinafter referred to as the "Notice of Conversion").
  - (ii) The Conversion Right reserved as aforesaid may be exercised by the Bank on one or more occasions during the currency of the Facility on the happening of the event specified hereinabove.
  - (iii) On receipt of Notice of Conversion, the Borrower shall allot and issue the requisite number of fully paid-up equity shares to the Bank, in proportion to its outstanding amounts as on the Date of Conversion and the Bank shall accept the same in satisfaction of the outstanding amounts so converted.
- 20.** The Bank shall be entitled to alter/vary/modify the terms of this agreement or the Sanction Letter at any time either on its own accord or as may be required by any statutory authority.
- Where the Borrower is an individual) he/she is not a director or specified near relation of a director of a banking company; where the Borrower is a partnership firm/HUF) none of the partners or members of the HUF is a director or specified near relation of a director of a banking company; where the Borrower is a joint stock company) none of its directors, is a director or specified near relation

of a director of a banking company.

Where the Borrower is an individual, that he/she is not a specified near relation to any senior officer of the bank; where the Borrower is a partnership firm/ HUF, none of the partners or members of the HUF, is a specified near relation of any senior officer of the bank; where the Borrower is a joint stock company, none of its directors, is a specified near relation of any senior officer of the bank.

21. The Borrower hereby agrees and confirms that in case any other person providing any financial assistance to the Borrower imposes any conditions not included herein, or in case any of the terms offered by the Borrower to such person is more favorable to such person than the terms stipulated by the Bank or offered to the Bank, the Borrower shall promptly inform the Bank of such terms or conditions and such of those terms and conditions as may be considered necessary by the Bank, in its discretion shall apply to the Facilities as if the Borrower had specifically agreed to such terms and conditions which terms and conditions shall be deemed to have been expressly incorporated herein.
22. The various working capital facilities shall be interchangeable within the Overall Limits and as further detailed in the Sanction Letter.
23. The Borrower unconditionally agrees, undertakes and acknowledges that the Bank has an unconditional right to cancel the outstanding un-drawn commitments under the Facility Agreement at any time during the currency of the Facilities and that the Bank shall endeavour to provide prior intimation of the same to the Borrower. The Borrower unconditionally agrees, undertakes and acknowledges that the Bank shall have the right to unconditionally cancel its outstanding un-drawn commitment in the event of deterioration in the Borrower's creditworthiness.
24. Borrower accepts that if during the duration of this agreement, there is significant change in law (such as implementation of GST or any other law) which may result into material economic benefits accruing to the Borrower in tax positions after the effective date of law, then both the parties shall consult promptly in good faith to make necessary revisions and adjustments to this Agreement as required.
25. The Borrower undertakes and acknowledges that it is the responsibility of the Borrower to provide the Bank with the appropriate records/ communication address to determine the relevant location of the recipient of service. In case of any tax or related demand due to failure of the Borrower to provide the correct address, the same will be borne by the Borrower.
26. The Borrower undertakes and acknowledges that it is the responsibility of the Borrower to communicate the GSTIN number of particular state for the purpose of billing. In case of unregistered Borrower, the address as given under Borrower's Details would be considered for the purpose of computation of GST. In case of unregistered Borrower, the address as given under Borrower's Details would be considered for the purpose of computation of GST. In case of registered applicants, the address given under Borrower's Details shall be considered as the registered place of business for the purpose of computation of GST. Please note that for the purpose of this agreement, registered applicant would mean a person registered under the GST Act.
27. For the purpose of this clause, the term 'GST' shall include the Central Goods and Services Tax ('CGST'), the State Goods and Services Tax ('SGST'), Integrated Goods and Services Tax ('IGST'), Union Territory Goods and Services Tax ('UTGST') and any other taxes levied under the GST related legislations in India as may be

applicable. The term 'GST legislation/s' should be accordingly interpreted.

28. This Agreement shall become binding on the Borrower and the Bank on and from the date as specified in Schedule 1 hereof or the date of acceptance of the Sanction Letter whichever is earlier. It shall be in force till all the monies due and payable under this Agreement and the other transaction documents are fully paid off by the Borrower to the Bank.
29. This Agreement and all documents executed under/in relation to this Agreement shall be governed by and construed in accordance with the laws of India of Business Banking.
30. The Borrower shall execute in favour of the Bank or any nominee of the Bank any further/additional/fresh deeds/documents etc. whenever required by the bank to do so.
31. This Agreement shall be read in conjunction with the Sanction Letter. In case of any inconsistency, the decision of the Bank in this regard shall be final and binding on the Borrower.
32. The Borrowers and the Guarantors confirm that the Lender may for the purposes of credit reference checks, verification, assignment, etc. disclose any information/documents relating to the Borrowers and the Guarantors (pertaining to the Facility availed by the Borrower) to any third party appointed by it. The Borrowers and the Guarantors further authorize the Lender to disclose said information /documents to RBI, income tax authorities, credit bureau, third parties, credit rating agencies, databanks, corporates, banks, financial institutions or any other government or regulatory authorities, statutory authorities, quasi-judicial authorities.
33. This Agreement shall be operative for the balance from time to time due by the Borrower to the Bank in the Facilities Account relating to the relevant Facilities and such Facilities Account shall not be considered as closed by reason of such Facilities Account being brought to credit at any time or from time to time or of its being drawn upon to the full extent and afterwards brought to credit or ceasing to be in debit due to set off of amounts standing to the credit of any account(s) of the Borrower and this Agreement will continue to be operative and unaffected until such relevant Facilities are terminated and all monies in respect thereof are repaid in full to the Bank.
34. The Bank shall have full right to renew/extend the credit facility at its sole discretion. In the event, any of the credit facilities are granted on revolving basis then the Borrower shall be entitled to, subject to that no Event of Default has occurred and is continuing and at the discretion of the Bank, to redraw any amount so repaid upto the overall limits. Any amount redrawn by the Borrower post expiry of tenure of the credit facility shall amount to deemed renewal of the credit facility and the Borrower shall be liable to repay the amount so drawn without as per the terms of the loan agreement and sanction letter.
35. The terms and conditions of this Agreement is adhered with the terms and conditions of the Recovery Policy as per the RBI circular wherein parties will be abide by provisions regarding
  - (i) notice period before taking possession
  - (ii) circumstances under which the notice period can be waived
  - (iii) the procedure for taking possession of the security
  - (iv) a provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property
  - (v) the procedure for giving repossession to the borrower and
  - (vi) the procedure for sale / auction of the property.

**36. ARBITRATION**

All matters, questions, disputes, default, difference and or claims arising out of and/or concerning and/or in connection and/or in consequence of breaches, termination or invalidity thereof or relating to this Agreement, whether or not obligations of either or both parties under this Agreement be subsisting at the time of such dispute and whether or not this agreement has been terminated or purported to the terminated or completed shall be settled by arbitration in accordance with the provision of Arbitration and Conciliation Act 1996 or any statutory amendment thereof and shall be referred to the sole arbitrator to be nominated by the Lender/Bank. The award given by the sole arbitrator shall be final and binding on all parties to all parties to the Agreement. The seat of arbitration shall be Jaipur, Rajasthan.

In respect of the matters where it is determined in an arbitration proceeding conducted in accordance with the preceding paragraph that (i) the arbitration proceeding provided in such paragraph is unenforceable; or (ii) the subject matter thereof is non-arbitrable under the Indian Arbitration and Conciliation Act 1996, as amended, in such a situation, courts in Jaipur, India will have exclusive jurisdiction in relation to such matters, each party irrevocably waives any right it may have to object to an action being brought in any of those courts, to claim that the action has been brought in an inconvenient forum or to claim that those courts do not have jurisdiction.

**37.** Bank shall be entitled to contact the Borrower and the Guarantor for any promotional campaign/offers through any electronic media including WhatsApp.

**DECLARATION**

I/We \_\_\_\_\_ (hereinafter referred as the "borrower") hereby declare that, I/We have fully read and understood and were explained about the loan agreement, and i accept and agree to all contents and terms and conditions/ general notes mentioned in the agreement from page 1 to 14 and all paragraphs/clauses from 01 to 37 and schedule and also confirm to abide by same and the aforesaid other documents. pursuant to the same the aforesaid person(s) is / are affixing his / her / their signature(s) / thumb impression(s) as given herein below.

I/ We confirm that whatever I have stated hereinabove is true and correct to the best of my knowledge and belief and I/We enter into this agreement voluntarily, with full knowledge of its effect and signing of this document shall construed as signing of each and every page of loan agreement and all other documents.

**DECLARATION IF THE BORROWER(S) SIGNS IN VERNACULAR LANGUAGE**

The contents of the Loan Application, Agreement, power of attorney, memorandum of deposit of title deeds, declaration and promissory note have been explained by me to the applicant/co-applicant in \_\_\_\_\_ (name of language in which applicant signed and the same have been understood by the applicant/co-applicant.

मैंने आपके बैंक में लोन के लिए आवेदन किया है। और मैंने एग्रीमेंट की अंग्रेजी भाषा को पढ़ लिया है / समझ लिया / समझा दिया गया है और मेरे को मान्य है। मैं अपने हस्ताक्षर हिन्दी में करता / करती हूँ या अँगूठा लगाता / लगाती हूँ।



In case of a Individual Borrower  
For Individual (Name of Borrower)

Date: \_\_\_\_\_  
Place: \_\_\_\_\_

**In case of Partnership Firm**

For \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (Name of the Partnership Firm)  
(Partners)

**In case of Proprietorship Concern**

For \_\_\_\_\_ (Name of the Proprietorship Concern).  
the above mentioned Borrower  
(Proprietor)

**In case of HUF**

\_\_\_\_\_ as the Karta of the (HUF)  
The above mentioned Borrower (Karta)

In case of society

SIGNED AND DELIVERED by Within Name Borrower M/S \_\_\_\_\_  
\_\_\_\_\_

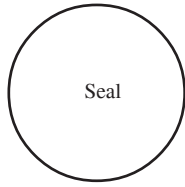
through the hands of its duly authorized signatory Mr. \_\_\_\_\_  
\_\_\_\_\_ (Designation) in the presence of

Mr. \_\_\_\_\_

SIGNED AND DELIVERED by Within Name Co-Borrower M/S \_\_\_\_\_  
\_\_\_\_\_

through the hands of its duly authorized signatory Mr. \_\_\_\_\_  
\_\_\_\_\_ (Designation) in the presence of

Mr. \_\_\_\_\_

<p>The Common Seal of [ _____ ] has been affixed hereunto pursuant to the Resolution of the Board of Directors/Shareholders dated [ _____ ] day of [ _____ ], [ _____ ] in the presence of:</p> <p>1. _____ ) 2. _____ ) 3. _____ ) 4. _____ ) 5. _____ ) the Director/s and /or the [ _____ ] who have in token thereof, subscribed their Signature hereto. ) )</p>		
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Signed and Delivered by the within named AU Small Finance Bank Limited By  
the hand of its Authorized Signatory/ Constituted Attorney

**SCHEDULE 1**

1.	Date	
2.	Place	
3.	Details of Borrower (a) Name (b) Pan No. (c) Address	
4.	Details of Co-Borrower (a) Name (b) Pan No. (c) Address	
5.	Branch office Address of the Bank	
6.	Details of Facility (a) Amount of Over all Limits (b) Interest rate (c) Interest Reset Date (d) Interest Payment Due Date (e) Purpose (f) Default Interest Rate	____/MCLR + ____ Margin ____ % Monthly / Quarterly Rests Fixed <input type="checkbox"/> Variable <input type="checkbox"/>
7.	Availability Period	
8.	Details of Guarantor (a) Name (b) Pan No. (c) Address	
9.	Details of Security and Ranking	
10.	Required Security Margin	
11.	Details of PDCs	
12.	Sanction Letter	Ref.No.                      Date
13.	Charges	Agri Business Service Charges and Schedule of charge mentioned on the website of the Bank.  copy of this agreement is uploaded on the Bank's website.



## (Example of SMA, NPA Classification and NPA Upgradation of Term Loan Cases)

### Example No. - 2 (Revolving Facility like Cash Credit / Overdraft)

"IRAC Circular Refer Para No. 2.1.2 (ii) - the account remains 'out of order' as indicated at paragraph 2.2 below, in respect of an Overdraft/Cash Credit (OD/CC)" Para No. 2.2 (Part 1) - An account should be treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power for 90 days."

**Example Description** - SMA and NPA Classification on Revolving Facility like Cash Credit / Overdue cases based on Out of Order (Part 1).

"Example: If outstanding balance is in excess of sanctioned limit/drawing power of a revolving facility like cash credit / overdraft account is March 31, 2021, and amount are not received before the lending institution runs the day-end process for this date, the date of overdue shall be March 31, 2021. If it continues to remain excess of sanctioned limit/drawing power, then this account shall get tagged as SMA-1 upon running day-end process on April 30, 2021 i.e. upon completion of 30 days of being continuously in excess of sanctioned limit/drawing power. Accordingly, the date of SMA-1 classification for that account shall be April 30, 2021." Similarly, if the account continues to remain in excess of sanctioned limit/drawing power, it shall get tagged as SMA-2 upon running day-end process on May 30, 2021 and if continues to remain in excess of sanctioned limit/drawing power further, it shall get classified as NPA upon running day-end process on June 29, 2021. This is further elaborated as below mentioned table:"

Date	DPD	Classification
"31-Mar-21 "(Outstanding Balance is Excess of Sanction Limit / Drawing Power*)"	1	
30-Apr-21	31	SMA-1
30-May-21	61	SMA-2
29-Jun-21	91	NPA

\* Outstanding Balance can be treated in Excess of Sanctioned Limit / Drawing Power if any Revolving facility (i.e. Overdraft / Cash Credit) Limit provide by bank is Rs. 1 Lacs and Utilization of customer is more than Rs. 1 Lacs

**IRAC Circular Refer Para No. 4.2.5** - If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as 'standard' accounts.

**Example Description - Upgradation of NPA Account:** loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower and all the excess amount of limit sanctioned to borrower is also paid.

Date	DPD	Classification
"31-Mar-21 "(Outstanding Balance is Excess of Sanction Limit / Drawing Power*)"	1	
30-Apr-21	31	SMA-1
30-May-21	61	SMA-2
29-Jun-21	91	NPA
30-Jun-21		Upgrade**

\* Outstanding Balance can be treated in Excess of Sanctioned Limit / Drawing Power if any Revolving facility (i.e. Overdraft / Cash Credit) Limit provide by bank is Rs. 1 Lacs and Utilization of customer is more than Rs. 1 Lacs (say Rs. 1,10,000)

\*\*Upgradation of Account to standard is Possible after excess amount of limit is received from borrower of Rs. 10,000 and entire arrears of interest and principal are paid by the borrower

**Example No. - 3 (Revolving Facility like Cash Credit / Overdraft)**

"IRAC Circular Refer Para No. 2.1.2 (ii) - the account remains 'out of order', in respect of an Overdraft/Cash Credit (OD/CC)"Circular refer Para No. 6 (ii) - An account should be treated as 'out of order', the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days, or the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited during the previous 90 days period"

**Example Description** - NPA Classification on Revolving Facility like Cash Credit / Overdue cases based on Out of Order .

**Example:** If Prior 90 Days Interest charged/debited in revolving facility like cash credit / overdraft account is more than credit received on account then it shall get classified as NPA upon running day-end process as on Date. The same is explain as below mention table:

Date	Transaction Detail	Amount	Classification
1-Jan-21	Customer Use the Limit of Cash Credit / Overdraft Account	100000	
31-Jan-21	Debit Interest	1500	
15-Feb-21	Customer paid the amount	2000	
28-Feb-21	Debit Interest	1500	
31-Mar-21	Debit Interest	1700	NPA*

\* NPA is classified due to Interest Charged in last 90 Days is Rs. 4700 (i.e. 1500 + 1500 + 1700) and Credit are received only is Rs. 2000. which is less than the interest charged

**IRAC Circular Refer Para No. 4.2.5** - If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as 'standard' accounts.

**Example Description** - Upgradation of NPA Account: loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower and last 90 Days' interest should be less than credit received during the same period.

Date	Transaction Detail	Amount	Classification
1-Jan-21	Customer Use the Limit of Cash Credit / Overdraft Account	100000	
31-Jan-21	Debit Interest	1500	
15-Feb-21	Customer paid the amount	2000	
28-Feb-21	Debit Interest	1500	
31-Mar-21	Debit Interest	1700	NPA*
30-Apr-21	Debit Interest	1750	
10-May-21			Upgrade**

\* NPA is classified due to Interest Charged in last 90 Days is Rs. 4700 (i.e. 1500 + 1500 + 1700) and Credit are received only is Rs. 2000. which is less than the interest charged

\*\*Upgradation of Account to standard can be done after Last 90 Days Interest charged are less than credit received and all interest arrear is recovered i.e. Interest Charges is Rs. 6450 (i.e. 1500+1500+1700+1750) and Credit is Rs. 2000. However, borrower need to pay Rs. 4450 (i.e. 6450 - 2000)



**Example No. - 4 (Stock Statement - Cash Credit Account)**

**"IRAC Circular Reference Para No. 4.2.4 (a & b)** - Accounts with temporary deficiencies“Para No. 4.2.4 (a) - Banks should ensure that drawings in the working capital accounts are covered by the adequacy of current assets, since current assets are first appropriated in times of distress. Drawing power is required to be arrived at based on the stock statement which is current. However, considering the difficulties of large borrowers, stock statements relied upon by the banks for determining drawing power should not be older than three months. The outstanding in the account based on drawing power calculated from stock statements older than three months, would be deemed as irregular.“Para No. 4.2.4 (b) - A working capital borrowal account will become NPA if such irregular drawings are permitted in the account for a continuous period of 90 days even though the unit may be working or the borrower’s financial position is satisfactory.”

**Example Description** - NPA Classification on Cash Credit account based on Stock Statement is not Updated.

**Example:** If Stock statement is received of a cash credit account as on March 31, 2021, and further updated stock statement is not received . It shall get classified as NPA upon running day-end process on September 27, 2021. The same is explained in below mention table:

Date	Classification
"31-Mar-21 "(Stock Statement Received)"	
27-Sep-21	NPA

**"IRAC Circular Refer Para No. 4.2.5** - If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as ‘standard’ accounts.“"

**Example Description** - Upgradation of NPA Account: loan accounts classified as NPAs may be upgraded as ‘standard’ asset only if entire arrears of interest and principal are paid by the borrower and received updated stock statement (i.e. Stock Statement Date should be between last 179 days)

Date	Classification
"31-Mar-21 "(Stock Statement Received)"	
27-Sep-21	NPA
25-Oct-21	Upgrade*

\*Upgradation of Account to standard is Possible after receiving updated stock statement (The Date of Stock Statement between 29-4-2021 to 25-10-2021) and entire arrears of interest and principal are paid by the borrower.

**Example No. - 5 (Renewal Due - Revolving Facility)**

**"IRAC Circular Reference Para No. 4.2.4 (c)** - Accounts with temporary deficiencies“Para No. 4.2.4 (c) - Regular and ad hoc credit limits need to be reviewed/ regularised not later than three months from the due date/date of ad hoc sanction. In case of constraints such as non-availability of financial statements and other data from the borrowers, the branch should furnish evidence to show that renewal/ review of credit limits is already on and would be completed soon. In any case, delay beyond six months is not considered desirable as a general discipline. Hence, an account where the regular/ ad hoc credit limits have not been reviewed/ renewed within 180 days from the due date/ date of ad hoc sanction will be treated as NPA."

**Example Description** - NPA Classification on Revolving facility based on renewal is not to be reviewed.

**Example:** If Renewal is due of a revolving facility account as on March 31, 2021, and further renewal of account is not done. It shall get classified as NPA upon running day-end process on September 27, 2021. It is further explained in below mention table:

Date	Classification
"31-Mar-21 "(Renewal Due Date)"	
27-Sep-21	NPA

**IRAC Circular Refer Para No. 4.2.5** - If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as ‘standard’ accounts.

**Example Description** - Upgradation of NPA Account: loan accounts classified as NPAs may be upgraded as ‘standard’ asset only if entire arrears of interest and principal are paid by the borrower and updated renewal done (i.e. Renewal Date should be between last 179 days)

Date	Classification
"31-Mar-21 "(Stock Statement Received)"	
27-Sep-21	NPA
25-Oct-21	Upgrade*

\*Upgradation of Accounts to standard can be done post renewal (The Date of Renewal between 29-4-2021 to 25-10-2021) and after entire arrears of interest and principal are paid

**Example No. - 6 (Credit Card)**

**IRAC Circular Reference Para No. 4.2.19.2** - A credit card account will be treated as non-performing asset if the minimum amount due, as mentioned in the statement, is not paid fully within 90 days from the payment due date mentioned in the statement.

**Example Description** - NPA Classification on credit card.

**Example Detail:** If there is Minimum Amount due (MAD) of a credit card account as on March 31, 2021, and MAD are not received before the lending institution runs the day-end process for this date, the date of overdue shall be March 31, 2021. If it continues to remain overdue, then this account shall get tagged as SMA-1 upon running day-end process on April 30, 2021 i.e. upon completion of 30 days of being continuously overdue. Accordingly, the date of SMA-1 classification for that account shall be April 30, 2021. "Similarly, if the account continues to remain overdue, it shall get tagged as SMA-2 upon running day-end process on May 30, 2021 and if continues to remain overdue further, it shall get classified as NPA upon running day-end process on June 29, 2021. It is further elaborated in below mention table:"

Date	Reporting Date MAD Amount	DPD	Classification
"31-Mar-21 "(MAD Due Date)"	1000	1	
30-Apr-21	2000	31	SMA-1
30-May-21	3000	61	SMA-2
29-Jun-21	4000	91	NPA

**IRAC Circular Refer Para No. 4.2.5** - If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as 'standard' accounts.

**Example Description** - Upgradation of NPA Account: loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears (MAD amount) of interest and principal are paid by the borrower

Date	Reporting Date MAD Amount	DPD	Classification
"31-Mar-21 "(MAD Due Date)"	1000	1	
30-Apr-21	2000	31	SMA-1
30-May-21	3000	61	SMA-2
29-Jun-21	4000	91	NPA
30-Jun-21	4000		Upgradation*

\*Upgradation of Account to standard is Possible after total pending MAD due of Rs. 4000 is received from borrower

**2. IRAC Circular Reference Para No. 4.2.7 (c)** - Asset Classification to be borrower-wise and not facility-wise"Para No. 4.2.7.1 -It is difficult to envisage a situation when only one facility to a borrower/one investment in any of the securities issued by the borrower becomes a problem credit/investment and not others. Therefore, all the facilities granted by a bank to a borrower and investment in all the securities issued by the borrower will have to be treated as NPA/NPI and not the particular facility/investment or part thereof which has become irregular.

**Example Description** - NPA Classification on based on borrower wise and not facility wise.

**Example:** If any Facility of customer is classified as NPA upon running day-end process as on date, all the facility of the customer need to be classified NPA upon same day. It is further explained as below mention table:

Customer ID	Facility Name	Date	NPA Reason
A	Term Loan 1	29-Jun-21	NPA Classified as per above Example
A	Term Loan 2	29-Jun-21	NPA Classified Due to Customer A Term Loan 1 is classified NPA
A	Cash Credit / Overdraft	29-Jun-21	NPA Classified Due to Customer A Term Loan 1 is classified NPA

**IRAC Circular Refer Para No. 4.2.5** - If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as 'standard' accounts.

**Example Description - Upgradation of NPA Account:** loan accounts classified as NPAs may be upgraded if arrears of interest and principal are repaid in all the facilities of the borrower

Customer ID	Facility Name	Date	NPA Reason
A	Term Loan 1	29-Jun-21	NPA Classified as per above Example
A	Term Loan 2	29-Jun-21	NPA Classified Due to Customer A Term Loan 1 is classified NPA
A	Cash Credit / Overdraft	29-Jun-21	NPA Classified Due to Customer A Term Loan 1 is classified NPA
A	Term Loan 1	15-Jul-21	Upgrade*
A	Term Loan 2	15-Jul-21	Upgrade*
A	Cash Credit / Overdraft	15-Jul-21	Upgrade*

\*Upgradation of Borrower's accounts to standard can be done if arrears of interest and principal are repaid in all the facilities of the borrower

## ADDITIONAL PROVISIONS RELATING TO SPECIFIC PRODUCTS

### PART A

#### (LETTER OF CREDIT(S) / LC)

#### 1. DEFINITIONS

- (i) In this Part, unless there is anything repugnant to the subject or context thereof, the expressions listed below shall have the following meanings viz.

**"Amounts Devolved"** means the sum of the payments due from the Borrower under all the LCs for which the Documents have been presented to and paid by the Bank but reimbursement thereof has not yet been made by the Borrower to the Bank.

**"Applicable Rate of Exchange"** means -

- a) in case a forward exchange contract / swap has not been booked by the Borrower with the Bank, the applicable foreign currency bill selling rate of the Bank prevailing on the Date of Crystallization. Provided however, that if the relevant rate of exchange is not quoted or not available for any reason on such days, then the rate prevailing on the immediately next Business Day when such rate shall be quoted or be available shall be the Applicable Rate of Exchange;
- b) the forward exchange contract / swap rate in case a forward exchange contract / swap has been booked by the Borrower with the Bank.

**"Bills"** means, as the context may permit or require, any or each of the bills of exchange drawn under the LCs.

**"Date of Crystallisation"** means the 10th day after the date of receipt of Documents by the Bank under the LCs in the case of a Sight LCs, or the date of maturity in the case of a Usance LC or as per applicable rules from time to time.

**"Defaulted Amounts"** shall have the meaning ascribed to it in clause 3 (Payment and Interest) of this Part, and, as the context may permit or require, shall mean any or all of such Defaulted Amounts.

**"Documents"** means the documents as specified under the LCs (including all bills) and drawn up in accordance with the terms of the LCs opened under the LC and / or the documents as specified under / or in connection with co-accepted bills.

**"Documentary Credit Application"** means, as the context may permit or require, any or each of the Borrower's application(s) to the Bank for opening LCs and all supporting documents furnished by the Borrower in respect thereof to the Bank.

**"Goods"** means the relevant goods described in the Documentary Credit Application.

**"LC Outstanding"** means the sum of the value of all the LCs opened by the Bank on behalf of the Borrower for which the Documents have not been presented to the Bank as well as the LCs where documents are received but are not due for payment / outstanding for payment.

**"Letters of Credit"** or "LCs" means, as the context may permit or require, any or each of:

- (a) Usance LCs and / or Sight LCs, both inland and foreign,
- (b) Usance LCs and / or Sight LCs, only foreign,
- (c) Usance LCs and / or Sight LCs, only inland,

issued / opened by the Bank as per the Documentary Credit Application to the Bank for opening LCs and all supporting documents furnished by the Borrower in respect thereof to the Bank.

**"Sight LCs"** means the LCs which provides for payment by the Bank to the negotiating bank on presentation of relevant Documents drawn under the LCs.

**"Suppliers"** means the suppliers of Goods as per the terms of the LCs.

**"SWIFT"** means Society for World Wide International Financial Telecommunications, which expression shall include its successors and assigns.

X-----

X-----

"Usance LCs" means the LCs which provides for payment by the Bank on maturity as per the terms of the LCs.

- (ii) All capitalised terms used but not specifically defined herein shall have the respective meanings ascribed to them under the relevant portions of the Facility Agreement.

## 2. LC FACILITIES

The Bank has, at the request of the Borrower, agreed to open Letters of Credit in foreign currencies and / or in rupees in favour of the Suppliers for amounts to the maximum extent of the respective Limits specified in the Facility Agreement (the "LC Facilities", which expression shall, as the context may permit or require, mean any or each of such LC Facilities) from time to time. Provided, however, the total of LC Outstanding and Amounts Devolved under the LC Facilities shall not at any point of time exceed the amount of the respective Limits.

## 3. PAYMENT AND INTEREST

- (i) The Borrower shall accept and / or pay all Bills drawn in terms of the:
  - (a) Sight LCs, on presentation of Documents; and
  - (b) Usance LCs, on the date of its maturity.
- (ii) If, on default by the Borrower in paying the Bills / amounts paid / payable by the Bank in respect of the LCs on the Date of Crystallisation, the Bank is called upon / required / expected to pay or has paid, all or any of the monies in pursuance of the LCs, the Borrower shall forthwith pay / reimburse to the Bank, all amounts payable or as the case may be, paid by the Bank under the LCs together with all interest, costs, charges, expenses and monies whatsoever stipulated in or payable under the Transaction Documents. The Bank shall be entitled, at its sole discretion, without any further consent from the Borrower, to debit any of the account at the branch specified in the Schedule 1 to the Facility Agreement and / or any of the other branches of the Bank, with the amount of any payments the Bank is required to make / makes under or in respect of the LCs, as also all interest, commission, charges and other monies payable by the Borrower in respect of the LCs.
- (iii)
  - (a) Notwithstanding the above and without prejudice to the Bank's other rights and remedies under the Facility Agreement, the Bank shall be at liberty to crystallise on the Date of Crystallisation, the Borrower's outstanding liability in respect of the LCs denominated in foreign currencies, by converting the foreign currency amount into Rupees, whereupon the Borrower shall forthwith pay / reimburse to the Bank the Indian rupee equivalent of such foreign currency amount as calculated at the Applicable Rate of Exchange in respect of such LCs (the "Defaulted Amounts - FC LC") and until such payment by the Borrower, the same shall unless otherwise agreed to by the Bank in writing be deemed to be on demand loan to the Borrower and shall, without prejudice to any other rights and remedies available to the Bank, carry interest at the rate specified in the Sanction Letter. Any difference on account of exchange fluctuations in the rates of foreign currencies involved between the payment made by the Borrower to the Bank and the actual amounts incurred by the Bank shall be borne by or be given credit to the Borrower. All payments made by the Bank in foreign currencies may be, at the option of the Bank, converted into rupees with reference to the actual cost to the Bank (including all commission or other bank charges and out-of-pocket expenses) in remitting the foreign currencies.
  - (b) Notwithstanding the above and without prejudice to the Bank's other rights and remedies under the Facility Agreement, the Bank shall be at liberty to crystallise on the Date of Crystallisation, the Borrower's outstanding liability in respect of the LCs denominated in rupees (the "Defaulted Amounts - RLC") and until such payment by the Borrower, the same shall unless otherwise agreed to by the Bank in writing be deemed to be on demand loan to the Borrower and shall, without prejudice to any other rights and remedies available to the Bank, carry interest at the rate at the rate specified in the Sanction Letter.  
  
Defaulted Amounts LC FC and Defaulted Amounts - RLC are hereinafter referred to as the "Defaulted Amounts".
  - (c) Notwithstanding anything contained herein, the interest payable by the Borrower with respect to the Facility shall be subject to the changes in interest rates made by the RBI from time to time.

## 4. BORROWER'S CONFIRMATIONS

- (i) The Bank may in its sole and absolute discretion and without reference to the Borrower and without the Bank being required to ascertain whether or not there was any breach on the part of the Borrower of the agreements / contracts underlying the LCs and without the Bank being required to go into the validity thereof or otherwise and notwithstanding any directions to the

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contrary given by the Borrower or any other person on the ground of a dispute as to the liability of the Borrower or otherwise, admit or compromise and pay or submit to arbitration or dispute or resist any claim or demand made against the Bank under or in respect of such LCs and the benefit of the Facility Agreement shall continue to be available to the Bank in respect of any action or repayment which the Bank may take or make in respect of such LCs / LC Facilities.

- (ii) The Borrower shall not amend or agree to amend or grant waiver of any of the provisions of the Documents.
- (iii) The LCs will be opened by the Bank only as per the provisions of Applicable Laws and regulations including exchange control norms laid down by RBI and import trade regulations.
- (iv) Import LCs will be opened by the Bank against valid import licences, wherever applicable.
- (v) In respect of Usance LCs, the goods received under the unpaid LCs will be excluded from the value of stocks for arriving at Drawing Power for availing fund based financial assistance.
- (vi) In case of high value LCs, the Borrower shall, if so required by the Bank, furnish projected cash flow statements; In addition, the Bank shall be entitled to also call for opinion reports from reputed information exchange bureaus or from other banks / institutions in India or overseas at the costs and expenses of the Borrower.
- (vii) The Bank shall issue LCs only in a form acceptable to the Bank.
- (viii) The Borrower shall make adequate arrangement for retiring the Documents under the LC Facilities and does not contemplate to seek any financial assistance from the Bank for such purpose, unless otherwise previously arranged with the Bank.
- (ix) The Borrower shall have furnished to the Bank at the time of submitting the Documentary Credit Application, the following, duly completed: a) order together with the order confirmation of Supplier; or b) proforma invoice of Supplier duly countersigned by the Borrower; or c) indent / offer from Supplier or his authorised agent together with the exchange control copy of the relative import licence; or d) Any other documents as may be specified by the Bank from time to time.
- (x) The Borrower shall submit to the Bank the exchange control copy of the relative customs bills of entry within the time limit stipulated by RBI.
- (xi) In the event the Borrower requests the Bank to issue delivery order ("DO") pending receipt of Documents to enable the Borrower to clear the goods covered under the LCs, the Borrower shall:
  - (a) accept and retire the Documents irrespective of any discrepancy on receipt or on due date without any demur whatsoever; and
  - (b) indemnify and keep the Bank indemnified against any liability, loss, damages, costs and expenses (including costs between attorney and client) awarded against or incurred or paid by the Bank as a result of or in connection with the Bank issuing DO and / or the Borrower refusing to accept any discrepancy in the Documents on receipt or on due date.
- (xii) In the event agency commission is payable in India or abroad, the Borrower shall deduct the same and request the Bank to open the LCs for the net amount of the contract value. If the invoice(s) presented for negotiation by the foreign Suppliers indicate agency commission amount(s) payable to the local agents of such Suppliers, the Borrower shall promptly effect the payment of such commission in equivalent rupees out of its own resources and submit to the Bank the receipt(s) from the local agents of such Suppliers.
- (xiii)
  - (a) the Documentary Credit Application shall be deemed to have been accepted when advice thereof has been sent to the beneficiary through SWIFT / tested telex / airmail;
  - (b) the date of receipt of Documents by the Bank under the LC Facilities as registered in the records of the Bank shall be conclusive and binding on the Borrower;
  - (c) the import of Goods is / are not in contravention of Trade Policy / Exim Policy guidelines and / or any other laws, policy and guidelines prescribed by the Governmental Agency from time to time;
  - (d) it has a valid Import Export code number assigned by the Director General of Foreign Trade;
  - (e) it is authorised to undertake imports of the Goods, wherever applicable; and
  - (f) the transaction covered under the LC Facilities does not involve and is not designed for the purpose of any contravention

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or evasion of the provisions of Foreign Exchange Management Act, 1999 or of any rule, regulations, notifications direction or order made thereunder or of any other law, rule, regulation or direction.

- (xiv) the LCs may be amended and / or modified by the Bank in its absolute discretion, including for an increased limit on the Borrower giving the Bank written instruction for the same and in such an event, such amendment / modification will be deemed to form part of the relevant Documentary Credit Application and will be governed by the terms hereof and the Borrower agrees, covenants, records and confirms that it shall be bound by the same as if such amendment / modification including the increased limit had originally constituted the term of the LCs.
- (xv) the LC Facilities shall be utilised only for the purpose as has been disclosed to the Bank in Documentary Credit Application, unless otherwise previously permitted by the Bank in writing.
- (xvi) the Bank shall be entitled, at its sole discretion and without any reference to and / or consent of the Borrower, to make payment of the bills under the LCs on presentment thereof or on the due date thereof.
- (xvii) notwithstanding the possibility, existence, pendency or continuance of any dispute or differences or of any arbitration proceedings or of any suit or other legal proceedings whatsoever between the Borrower and the beneficiary or beneficiaries of the LCs and / or between the Borrower(s) inter-se which may directly or indirectly arise out of or under or in connection with the subject matter(s) of the LCs or which may affect the legality or validity of the LCs and / or any transaction(s) directly or indirectly connected with or relating to or arising out of subject matter(s) of the LCs, the reasonableness or propriety or validity of any such payment shall be conclusive and binding on the Borrower so far as concerns the Borrower's liability to the Bank under the Facility Agreement.
- (xviii) In respect of goods or documents of title to goods in favour of the Bank / held by the Bank released by the Bank in its sole discretion at the request of the Borrower, the Borrower agrees, confirms and undertakes that :
  - (a) the Borrower shall receive hold and store the underlying goods and / or documents and / or any other goods / documents delivered by the Borrower to the Bank as trust agents for the Bank until sale and as such trust agents, sell the goods (if so required by the Bank at such price as the Bank may approve) and upon sale and as long as any monies remain due the Bank, hold the sale proceeds on trust for the Bank and immediately upon receipt thereof, pay the said proceeds to the Bank without any deduction and at the same time advise the Bank of the account and the transaction in respect of which such payment is made;
  - (b) the Bank shall have full authority to demand and receive from any person(s) the purchase money of such goods or any part thereof;
  - (c) the Borrower shall at its own cost insure and keep the aforesaid goods insured to their full value against such risks and with such insurers acceptable to the Bank, and hold the policies on behalf of the Bank and in the name of the Bank, and if required assign, and deliver the policies to the Bank and ensure payment to the Bank of all sums payable by the insurers under or in respect of such policies;
  - (d) the Borrower shall store / keep the aforesaid goods separate and shall not raise any finance against the same without the approval of the Bank and the aforesaid goods shall be excluded from the value of stocks for arriving at Drawing Power for availing fund based financial assistance;
  - (e) the Bank, its officers, servants and agents shall be at liberty at all times without notice to the Borrower, to inspect the aforesaid goods and retake possession or demand redelivery thereof to the Bank (which the Borrower undertakes to give on demand) and remove and sell the same in such manner and upon such terms and conditions as to price and otherwise as the Bank may in its absolute discretion think fit and otherwise to take whatever steps the Bank consider expedient for the protection of their interest therein and enforcement and realization of security;
  - (f) the aforesaid goods shall be a security to the Bank for the payment of all monies payable to the Bank from the Borrower under the LC Facilities and all monies in respect thereof under the Transaction Documents; and
  - (g) the aforesaid goods shall in all respects be treated by the Borrower in the books of the Borrower as belonging to and held on behalf of the Bank.
- (xix) if for any reason whatsoever the liability of the Bank extends beyond the validity period specified in the LCs or if the Bank is prevented by any action initiated by the Borrower or otherwise from making payment of part or whole of the amounts under the

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LCs, the Borrower shall be liable to pay commission also for the period for which the Bank remains liable under the LCs and / or the period for which the payment of the amounts under the LCs / discharge from the obligations under the LCs has been delayed.

- (xx) the Borrower shall provide / deposit immediately on demand and without demur, additional acceptable security to the Bank and / or sufficient amounts by way of 100% cash margin on the amounts of the LCs in respect of which the Bank is restrained from making payment.

## 5. NO LIABILITY

The Borrower agrees that the transmission of all instructions and communications under the LCs and the shipping of Documents and the Goods thereunder is entirely at the Borrower's risk. The Bank or its correspondents or agents or confirming banks shall not be responsible for any error or delay in such transmission or loss or delay in delivery of the Documents or the Goods.

## 6. INDEMNITY

The Borrower hereby agrees to:

- (i) pay to the Bank on demand, all costs (including legal and litigation costs and expenses on full indemnity basis) customs duty, penalty, demurrage, storage charges, clearing and forwarding charges and all other charges and expenses which the Bank may be put to or suffer or incur in connection with the Goods and / or the documents of title to Goods covered by the LCs including for re-shipment thereof for any reason whatsoever, or in the exercise or enforcement of any right or power hereby conferred or otherwise howsoever.
- (ii) indemnify and keep fully indemnified and save the Bank against:
- (a) any claim, loss or damage, costs, charges and expenses including litigation expenses whatsoever which may be brought or made against or sustained or incurred by the Bank (and whether paid by the Bank or not) or which the Bank may become liable under or in respect of the LCs;
  - (b) action or proceedings made or brought against the Bank, its correspondents or confirming banks or agents;
  - (c) any liability or loss incurred or suffered by it, its correspondents or confirming banks or agents by reason of it having established the LCs;
  - (d) every payment made, obligation, liability, loss and damage, penalties, taxes, etc. whatsoever undertaken or incurred or suffered by the Bank (whether directly or indirectly) under or in connection with and / or arising from all or any or some of such LCs; and
  - (e) against any liability, loss, damages, costs and expenses (including legal expenses) awarded against or incurred or paid by the Bank as a result of or in connection with the Bank making payment to the Suppliers, under the LCs, without deducting tax in India whether or not such payment attracts withholding tax in India or requires due certification by a qualified accountant.

## 7. SALE OF GOODS

- (i) On the happening of any of the Events of Default, the Bank shall be entitled without prejudice to any of its other rights contained in the Facility Agreement or under the Applicable Law and without notice to the Borrower (which the Borrower hereby expressly waives), to sell the Goods whether before or after their arrival either by public auction or tender or by private contract and subject to such conditions as the Bank may deem fit to impose, or otherwise dispose of or deal with the Goods or any part thereof and / or with the relative documents of title to the Goods in any manner whatsoever, without being bound to exercise any of these powers or liable for any loss in the exercise or non-exercise thereof. The proceeds realised from sale of the Goods or transfer or any document of title, remaining after deducting therefrom the costs and expense of and incidental to such sale or transfer, shall be applied in or towards payment or satisfaction of the amount(s) due to the Bank in respect of any payment made by the Bank under the LC Facilities for the account of the Borrower, and interest thereon and all costs charges and expenses as hereinabove mentioned. The Borrower shall accept the Bank's account of sale or realisation as conclusive evidence both in and out of court as to the amount(s) realised and expenses incurred, and shall pay forthwith any shortfall or deficiency remaining after such application. The Bank shall not be liable to the Borrower for any loss which may occur pending sale or disposal of the Goods and / or document of title of goods, whether by reason of theft, damage, deterioration or decay of the Goods or depreciation in the value thereof or otherwise whatsoever be the cause.

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- (ii) The Borrower agrees and undertakes to sign, execute and deliver to the Bank from time to time on demand made by the Bank, such further or other deeds, documents and writings and do all such acts, matters and things as may be required by the Bank for better perfecting the title of the Bank to the Goods so as to render the same readily saleable or transferable by the Bank to any purchaser(s) at all time.

## **PART B**

### **(BANK GUARANTEE ("BG") / STAND BY LETTER OF CREDIT ("SBLC"))**

#### **1. BG / SBLC FACILITIES**

The Bank has, at the request of the Borrower, agreed to grant to the Borrower working capital facilities by way of issue of bank guarantees / standby letter(s) of credit (the "BGs", which expression shall, as the context may permit or require, mean any or each of such BGs and all renewals made thereto from time to time) in favour of entities / persons acceptable to the Bank guaranteeing / undertaking payment obligations / obligations to make payment upto the guaranteed amount in case of shortfall in performance / non-performance in terms of various contracts / agreements entered into between the Borrower and the respective beneficiaries, upto the maximum extent of the amounts of respective Limits specified in the Facility Agreement (the "BG Facilities"). Provided, however, the total of amounts outstanding under the BG Facilities shall not at any point of time exceed the amount of the respective Limits.

#### **2. PAYMENT AND INTEREST**

- (i) If the Bank is called upon to pay, or pays, all or any of the monies in pursuance of the BGs, the Borrower shall, without questioning the reasonableness or validity or otherwise of any payment made or required to be made by the Bank under the BGs, forthwith pay to the Bank, all amounts payable or as the case may be, paid by the Bank, including without limitation, all costs, charges and expenses whatsoever payable or paid, suffered or incurred by the Bank in respect of or in relation to or arising out of the obligations undertaken under the BGs (collectively, the "Defaulted Amounts - BGs") and until such payment by the Borrower, the same shall unless otherwise agreed to by the Bank, be deemed to be on demand loans to the Borrower carrying interest at the rate specified in the Sanction Letter. The Bank shall be entitled, at its sole discretion, without any further consent from the Borrower, to debit any of the Account at the branch specified in the Schedule 1 of the Facility Agreement and / or any of the other branches of the Bank, with the amount of any payments the Bank is required to make / makes under or in respect of the BGs, as also all interest, commission, charges and other monies payable by the Borrower in respect of the BGs.
- (ii) All payments made by the Bank in foreign currencies may be, at the option of the Bank, converted into rupees with reference to the actual cost to the Bank (including all commission or other bank charges and out-of-pocket expenses) in remitting the foreign currencies.

#### **3. BORROWER'S CONFIRMATION AND DECLARATION**

- (i) The Borrower agrees and confirms that:
  - (a) the Bank is authorised to determine, at its sole discretion, whether a demand complies with the relevant BG issued by it or is discrepant and upon a payment being made or a determination being made by the Bank of a valid demand having been made, the determination will be conclusive and final evidence that the demand is correct and has been properly made. The Borrower shall not be entitled to and hereby irrevocably waives all rights and entitlements to claim against, object or dispute the aforesaid determination of the Bank or any payments made by it under the BG, whether or not finally the demand was determined to be discrepant;
  - (b) if the Bank pays any demand under the BG such amount shall be regarded as having been properly paid for the purposes of this Agreement;
- (ii) The Borrower further confirms and declares that:
  - (a) it is in compliance with provisions of applicable Laws with respect to the transactions that are the subject matter of the BG and the transactions covered under the BG do not involve or are not designed for the purposes of any contravention or evasion of any provision of any Applicable Laws.

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- (b) The Borrower further confirms and declares that the BG may be amended and/or modified by the Bank in its absolute discretion upon receipt of written request from the Borrower and in such an event, such amendment/modification will be deemed to form part of the existing BG and will be governed by the terms hereof.

#### 4. ADDITIONAL PROVISIONS

The Borrower further agrees, confirms and undertakes as follows:

- (i) the Borrower shall indemnify the Bank and keep the Bank indemnified against all actions, proceedings, claims, demands, duties, penalties, taxes, losses, damages, actions, costs, charges and expenses (including costs between attorney and client) and other liabilities whatsoever which may be brought or made against or sustained or incurred by the Bank (and whether paid by the Bank or not) or which the Bank may become liable under or in respect of the BGs;
- (ii) the Bank may in its sole and absolute discretion and without reference to the Borrower and without the Bank being required to ascertain whether or not there was any breach on the part of the Borrower of the agreements / contracts underlying the BGs and without the Bank being required to go into the validity thereof or otherwise and notwithstanding any directions to the contrary given by the Borrower or any other person on the ground of a dispute as to the liability of the Borrower / the Bank or otherwise, admit or compromise and pay or submit to arbitration or dispute or resist any claim or demand made against the Bank under or in respect of such BGs, and the indemnities of the Borrower contained in the Facility Agreement shall continue to be available to the Bank in respect of any action or payment which the Bank may take or make;
- (iii) the Borrower shall
- (a) duly and punctually observe, perform and comply with all the covenants, obligations and conditions of all the agreements / contracts underlying the BGs including due payment and discharge of all its payment obligations under such contracts / agreements on the due dates; Borrower to ensure that all interest/ fees/charges debited to the borrower's account is cleared on their respective due date.
- (b) not create or permit to subsist, any encumbrance of any nature whatsoever over all or any part of the underlying agreements / contracts or its rights thereunder;
- (c) not amend or agree to amend or grant waiver of any of the provisions of the underlying agreements / contracts
- (d) the BGs will be issued by the Bank only as per the provisions of Applicable Laws and regulations including those laid down by RBI;
- (e) the Bank shall issue BGs only in a format acceptable to the Bank;
- (f) in case of bid bond / earnest money deposits / advance payment / retention money BGs, stipulated under project exports or if the BGs are issued under any Export Promotion Capital Goods Scheme (EPCGS), the Bank shall be entitled to obtain counter guarantees from Export Credit Guarantee Corporation (ECGC) or similar authority, at the costs and expenses of the Borrower;
- (g) if for any reason whatsoever the liability of the Bank extends beyond the validity period specified in the BGs or if the Bank is prevented by any action initiated by the Borrower or otherwise from making payment of part or whole of the guaranteed amounts to the beneficiary of the BGs, the Borrower shall be liable to pay commission also for the period for which the Bank remains liable under the BGs and / or the period for which the payment of the guaranteed amount / discharge from the guaranteed obligations has been delayed;
- (h) the Borrower shall provide / deposit immediately on demand and without demur, additional acceptable security to the Bank and / or sufficient amounts by way of 100% cash margin on the outstanding amounts of the BGs, which in the Bank's opinion are likely to be invoked due to non / inadequate fulfillment of obligation, in particular of performance undertaken under the BGs. The Borrower shall accept the Bank's judgement on the likelihood of guarantee obligation being unfulfilled, as final and binding;
- (i) in the event of the interest rate on the principal amount of the financial assistances guaranteed by the Bank increasing for any reason whatsoever beyond the percentage specified in the underlying agreements / contracts and consequentially the liability and obligation of the Bank under the BGs increasing, the Borrower shall indemnify and keep indemnified the Bank to the extent of additional interest liability paid in such form as may be determined by the Bank.

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## UNATTESTED DEED OF HYPOTHECATION

This deed of hypothecation ("**Deed**") is made and executed at [\_\_\_\_\_] on this [\_\_\_\_\_] day of [\_\_\_\_\_] [\_\_\_\_\_] by:

The persons set forth in Schedule A (Description of Borrower) (hereinafter referred to as the "**Borrower**", which expression shall unless it be repugnant to the meaning or context thereof be deemed to mean and include its successor(s) and permitted assign(s)) of the **ONE PART**;

### IN FAVOUR OF

**Au Small Finance Bank Limited**, a small finance bank having its registered office at 19-A Dhuleshwar Garden, Jaipur, Rajasthan (hereinafter referred to as the "**Lender**" which expression shall, unless it be repugnant to the subject, meaning or context thereof, be deemed to mean and include its successor(s) and permitted assign(s) of the **OTHER PART**.

The Borrower and the Lender shall collectively be hereinafter referred to as the "**Parties**" and individually as a "**Party**".

### WHEREAS:

- A. The Borrower has approached the Lender for a \_\_\_\_\_ loan/credit facility and the Lender has agreed, at the request of the Borrower, to grant to the Borrower a loan/credit facility of Rs. [\_\_\_\_\_] (Rupees [\_\_\_\_\_] only) (hereinafter referred to as the "**Loan/Credit Facility**") subject to and in accordance with and for the purpose mentioned in loan/credit facility agreement dated [\_\_\_\_\_] [\_\_\_\_\_] [\_\_\_\_\_] (hereinafter referred to as "**Loan/Credit Facility Agreement**").
- B. The Borrower has accepted the terms and conditions stipulated by the Lender and in consideration of the Lender providing the Loan/Credit Facility to the Borrower, the Borrower agrees that it shall secure the Loan/Credit Facility, inter alia, by a first and exclusive charge/pari passu charge as per sanction letter, by way of hypothecation of its Assets.
- C. The Lender has called upon the Borrower to execute these presents which the Borrower has agreed to do in the manner hereinafter expressed.

### NOW THIS DEED WITNESSETH AS FOLLOWS:

#### 1. Definitions and Interpretations

For all purposes of this Deed capitalised terms not otherwise defined in below shall have the meaning assigned thereto in the Loan/Credit Facility Agreement.

##### 1.1 Defined Terms

As used in this Deed, the following terms shall have the following meanings:

"**Applicable Law**" means, with respect to any person, all laws, statutes, treaties, rules, regulations, determinations, orders, writs, processes, decrees, injunctions, judgments, or awards of an arbitrator, a court or any other Governmental Authority, and all governmental authorizations binding upon or applicable to such person or to any of its properties or Assets.

"**Assets**" shall mean all present and future Movable Assets Receivables and Debt that assets, current assets, plant & machinery as hypothecated to the lender and as described in Schedule B.

"**Debt Assets**" shall mean all the amounts due from debtor(s) of the Borrower to the Borrower as per the books of accounts of the Borrower at the relevant point of time and which have not remained overdue for more than 89 days and shall include the interest payable thereupon.

"**Receivables**" shall mean all the cash flows, monies, other income and other amounts, present and future, accruing from or arising out of the business of the Borrower including without limitation, any amounts receivable (including any balance receivables in relation to the business of the Borrower) and, or, to be received by the Borrower directly or indirectly, and shall also include all insurance proceeds pertaining of the Borrower for any insurance obtained by it as per the instructions of the Lender.

"**Outstanding Amounts**" mean principal amount of the Loan/Credit Facility outstanding from time to time, and all interests, additional interest, penal interest, expenses, prepayment interest, fees, costs, commissions, charges and other amounts due under or in respect of the Loan/Credit Facility Agreement.

##### 1.2 Principles of Interpretation

In construing this Deed:

- (i) time is of essence in the performance of the Parties' respective obligations. If any time period specified herein is extended, such extended time shall also be of the essence;
- (ii) unless the context otherwise requires, words importing singular shall include plural and vice versa;
- (iii) articles and schedule headings are for reference only and shall not affect the construction or interpretation of this Deed;
- (iv) references to articles and schedules are references to articles and schedules of and to this Deed;
- (v) annexures and schedules form an integral part of this Deed. In the event of any conflict between any article of the Deed and any of the annexures and schedules, the provision of the article shall prevail;
- (vi) reference to any agreement, including this Deed, any other deed, document, instrument, rule, regulation, notification, statute or the like shall mean a reference to the same as may have been duly amended, modified or replaced. For the avoidance of doubt, a document



shall be construed as amended, modified or replaced only if such amendment, modification or replacement is executed in compliance with the provisions of such document(s);

- (vii) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the following Business Day if the last day of such period is not a Business Day;
- (viii) the terms "herein", "hereof", "hereto", "hereunder" and words of similar purport refer to this Deed as a whole;
- (ix) the use of the word "including" followed by specific example(s) in this Deed, shall not be construed as limiting the meaning of the general wording preceding it;
- (x) wherever the context so requires, the use of masculine gender to refer the term 'Borrower' shall mean and be construed as the feminine gender. In the event the Loan/Credit Facility is availed by a Co-Borrower, the term "Borrower" shall include the Co-Borrower, unless the context otherwise requires.
- (xi) wherever the context so requires, the articles pertaining to a Borrower who is an individual/sole proprietary concern, partnership firm, company, society, joint liability group shall be applicable on such individual/sole proprietary concern, partnership firm, company, society, joint liability group on the basis of type of entity it is.
- (xii) the terms and expressions not herein defined shall have the interpretation and meaning assigned to them in terms of the General Clauses Act, 1897.
- (xiii) References to a "**person**" or "**Person**" (or to a word importing a person) shall be construed so as to include:
  - (a) individual, sole proprietorship, firm, partnership, limited liability partnership, trust, joint venture, company, corporation, body corporate, unincorporated body, association, organisation, any Governmental Authority or other entity or organisation (whether or not in each case having separate legal personality);
  - (b) that person's successors in title, executors, and permitted transferees and permitted assignees; and
  - (c) references to a person's representatives shall be to its officers, employees, legal or other professional advisers, sub-contractors, agents, attorneys and other duly authorised representatives.
- (xiv) In the event of any disagreement or dispute between the Lender and the Borrower regarding the materiality or reasonableness of any matter, the opinion of Lender as to the materiality shall be final and binding on the Borrower.
- (xv) Reference to any statute or statutory provision shall include:
  - (a) all statutory instruments or orders including subordinate or delegated legislation (whether by way of rules, notifications, by-laws and guidelines) made from time to time under that statute or statutory provision (whether or not amended, modified, re-enacted or consolidated); and
  - (b) such provision as from time to time amended, modified, re-enacted or consolidated, to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to any transactions entered into under this Deed and (to the extent liability thereunder may exist or can arise) shall include any past statute or statutory provision (as from time to time amended, modified, re-enacted or consolidated) which the statute or statutory provision referred to has directly or indirectly replaced.

## **2. Covenant to Pay/Repay**

In pursuance of the Loan/Credit Facility Agreement and in consideration of the Loan/Credit Facility granted/ agreed to be granted and advanced to the Borrower by the Lender, the Borrower covenants and agrees that the Borrower shall repay the Loan/Credit Facility, or any part thereof and the other payments including interest payments, additional interest, charges, costs etc. as specified in the Loan/Credit Facility Agreement (as and when the same fall due for payment as more particularly specified in the Loan/Credit Facility Agreement) and shall pay all Outstanding Amounts due in the manner as set out in the Loan/Credit Facility Agreement and shall duly observe and perform all the terms and conditions of the said Loan/Credit Facility Agreement.

## **3. Charging Clause**

- 3.1** As security for the Outstanding Amounts and also as security for payment of any other charges, costs (between attorney and client) and expenses payable to or incurred by the Lender in relation thereto, the Borrower hereby charges and hypothecates in favour of the Lender all the present and future Assets now or at any time during the continuance of the Loan Agreement/this Deed. The Assets shall remain hypothecated and remain under charge to the Lender as security for the payment by the Borrower to the Lender of the said Outstanding Amounts. The charge-cum-hypothecation created on the Assets shall rank as first and exclusive/pari passu/second charge as per sanction letter.
- 3.2** In case the charge is created on pari passu basis, the Borrower shall be free to borrow addition funds for its normal needs from other lenders. The Borrower will obtain NOC from the bank for ceasing pari passu charge on the security within the time frame as per sanction letter. The security cover for the facility to be kept at minimum agreed ratio as per terms of sanction letter.
- 3.3** The Borrower shall not, without the prior written consent of the Lender during the continuance of the Loan/Credit Facility Agreement /this Deed, create or attempt to create any charge or any further security interest or encumbrance of any kind over the Assets or any part thereof and the Borrower shall do all such acts and things required to preserve the Assets.
- 3.4** The charge/hypothecation shall be deemed to be created on the Assets immediately on the execution of this Deed.
- 3.5** The Borrower specifically agrees that any addition, escalation or accretion to the Assets /security, accruing in respect of the Assets or by way of production and profits thereto or any part thereof shall also be deemed to be hypothecated with the Lender. The Parties agree that there is

no need for signing any additional supplementary agreement in this respect.

#### **4. Security**

##### **4.1 Continuing Security**

The security created over the Assets by or pursuant to this Deed and/or under the Loan/Credit Facility Agreement or any other finance document executed by the Parties is a continuing security and shall remain in full force and effect, notwithstanding any intermediate part payment or settlement of account or other matter or thing whatsoever, and in particular the intermediate part satisfaction by the Borrower of any part of the Outstanding Amounts, and is in addition, and without prejudice, to any other security, guarantees, lien, indemnities or other right or remedy which the Lender may now or hereafter hold for the Outstanding Amounts or any part thereof.

##### **4.2 Other Security**

This security of Assets is in addition to, and shall neither be merged in, nor in anyway exclude or prejudice, or be affected by any other security interest, right of recourse or other right whatsoever (or the invalidity thereof) which the Lender may now or at any time hereafter hold or have (or would apart from this security hold or have) as regards the Borrower or any other person in respect of the Outstanding Amounts.

##### **4.3 Avoidance of Payments**

If any amount paid by the Borrower in respect of the Outstanding Amounts is held to be void or set aside on the liquidation or winding up of the Borrower or otherwise, then for the purposes of this Deed, such amount shall not be considered to have been paid by the Borrower.

#### **5. Further Security and Agreements**

##### **5.1** The Borrower hereby covenants with the Lender that in case the security on the Assets provided by the Borrower has become inadequate in the opinion of the Lender, the Borrower shall:

- (i) inform the Lender about the same; and
- (ii) promptly furnish such additional security to the entire satisfaction of the Lender and as may be required by the Lender to secure the due payment of the Outstanding Amounts.

##### **5.2** The Borrower further agrees to hypothecate more assets as directed by the Lender from time to time at the sole discretion of the Lender, to secure the payment/repayment of the Outstanding Amounts/advanced, and details of such assets will be annexed to this Deed. The additional assets hypothecated by the Borrower shall include all fittings, fixtures, tools, accessories and parts whatsoever pertaining to the said additional assets and all replacements of or additions made to the said additional assets from time to time.

#### **6. Release of Security**

Subject to the terms contained in the Loan/Credit Facility Agreement, only on the Borrower paying in full the entire Outstanding Amounts to the satisfaction of the Lender in the manner provided in the Agreement and in other security documents, the Lender shall with reasonable promptness, upon the written request and at the expense of the Borrower, release unto the Borrower, or as the Borrower shall direct and do all such other things as maybe reasonably necessary to release, the Assets from the security created hereunder (other than such of the said Assets as may have already been released pursuant to the Loan/Credit Facility Agreement).

#### **7. Further Assurances**

The Borrower hereby covenants and undertakes, from time to time and at all times, whether before or after the security constituted hereunder shall have become enforceable, to execute, pay and do, at the expense of the Borrower, all such charges, transfers, assignments, deeds, assurances, documents, agreements, instruments, acts, matters and things in such form and otherwise as the Lender may reasonably or by law require for perfecting and protecting the security intended to be hereby constituted or facilitating the realisation thereof or otherwise in relation to enforcing the same.

#### **8. Declarations of the Borrower**

##### **8.1** The Borrower reiterates the representations and warranties contained in the Loan/Credit Facility Agreement and acknowledges and confirms that the same have been made with the intention of inducing the Lender to enter into this Deed, and further acknowledges that the Lender has entered into this Deed on the basis of, and relying on, each of such representations and warranties given by the Borrower.

In addition to the representations and warranties made by the Borrower under the Loan/Credit Facility Agreement, the Borrower hereby undertakes and declares as follows:

- (i) The Borrower shall keep the Assets in good and marketable condition.
- (ii) The Borrower shall pay all rent, taxes, any other charges in respect of the premises where the Assets are stored and to display the name of the Lender as the entity in whose favour the assets stored therein are charged.
- (iii) The Borrower shall pay all taxes (including stamp duty) in connection with the execution, enforcement and performance under this Deed and the registration thereof.
- (iv) This Deed shall be registered, if required by the Lender. In the event the Borrower is a company, form CHG-1 with respect to security creation under this Deed over the Assets shall be filed with the Registrar of the Companies within thirty (30) days of execution of this Deed. Upon submission of a copy of this Deed and the prescribed CHG-1 containing the prescribed particulars for registration of the registrable charges created hereby, forthwith on the execution of this Deed to the Registrar of Companies, the Borrower shall comply with all the legal requirements necessary to create a valid and enforceable hypothecation in favour of the Lender, and will have obtained all necessary consents, approvals and permissions.

**8.2** The Borrower further declares, represents and warrants that:

- (i) It has the power to execute, deliver and perform the terms and provisions of this Deed and has taken all necessary action (including any corporate action as required) to authorize the execution, delivery and performance of this Deed;
- (ii) This Deed when executed and delivered will constitute valid and legally binding obligations enforceable in accordance with its terms;
- (iii) Neither the execution nor performance of any document to which it is a party, nor the compliance with its terms will conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under this Deed, agreement or other instrument to which the Borrower is a party or by which it is bound, or vice versa or violate any of the terms or provisions of the Borrower's memorandum and articles of association or other governing document or any judgment, decree or order or any statute, rule or regulation applicable to the Borrower;
- (iv) The Borrower hereby declares that subject to what is contained hereinbefore, the Assets are and will, at all times, be the absolute property of the Borrower.
- (v) The provisions of this Deed are effective to create in favor of the Lender a legal, valid and enforceable charge on the Assets on which the Borrower purports to grant a charge pursuant hereto including without limitation, a legal, valid and enforceable security interest, and appropriate recordings and filings which will be made promptly after the execution of this Deed in all appropriate public offices, and all other necessary and appropriate action will be taken so that as soon as this Deed has been so recorded and filed, it will create an effective charge on all right, title and interest of the Borrower in the Assets covered thereby, and all necessary and appropriate clearances and consents (if any) for the creation, effectiveness, priority and enforcement of such Assets have been obtained;
- (vi) The Borrower agrees to accept, as conclusive proof of the correctness of any sum claimed to be due from the Borrower to the Lender in relation to the Loan/Credit Facility, a statement of account made out from the books of the Lender and signed by the duly authorized officers of the Lender without production of any other voucher, documents or papers;
- (vii) The Borrower agrees that if the Assets are realized by repayment or otherwise, it shall be forthwith paid to the Lender to be applied in reduction of the indebtedness to the Lender in respect of the Outstanding Amounts and other amounts payable by the Borrower to the Lender under the Loan/Credit Facility Agreement. The Borrower shall not transfer or deal with the Assets upon being prohibited by the Lender from doing so.

**9. Covenant and Undertakings**

**9.1** Subject to the terms of Applicable Law, the Borrower does hereby further covenant that:

- (i) The Lender and / or its officials without notice to the Borrower and at the Borrower's risk and expenses shall be entitled to enter into any place where the Assets are stored and to inspect, value or take possession of the Assets. The Borrower shall if so required by the Lender cause and indication or marking with the name of the Lender and a statement to the effect that the Assets stored, kept or otherwise recorded have been hypothecated in favor of the Lender, distinctly affixed/written/printed thereon to be shown at all times in a conspicuous manner upon on all or any such premises and/or records where the Assets are maintained and/or recorded, during the continuance of the security interest created in this Agreement.
- (ii) The Borrower shall furnish to the Lender, whenever required by the Lender, full and correct particulars/statements of all the Assets and shall allow the Lender or its authorized agents to take inspection of all the books of accounts and shall produce such evidence as the Lender may require as to the value thereof. It shall be lawful for the Lender at any time and from time to time during the continuance of the security to appoint and employ at the Borrower's expense, in all respects and for such period as the Lender shall think fit, a person or persons or a firm or a company to inspect the value of all or any of the Assets on behalf of the Lender and the Borrower shall pay to the Lender on demand all the expenses fees in respect thereof or incidental thereto (the Lender's statement being conclusive). In default, the Lender may be at liberty to debit the amount thereof to the Borrower's accounts in the Lender's books and the same shall be treated as advance until payment thereof.
- (iii) **Insurance**
  - (a) The Borrower shall at its own cost and expense keep or cause to be kept the Assets fully insured against such risks, and for such amount(s) and for such period and in such form(s) as the Lender may from time to time require, with the Lender named as loss payee therein.
  - (b) In relation to such insurances as are required to be maintained pursuant to sub-clause (a) above, the Borrower shall not do or suffer to have been done any act which may invalidate such insurance.
  - (c) In the event of any failure by the Borrower to obtain such insurances and/or to furnish proof of the same to the Lender, the Lender may (but shall not be bound to) insure the Asset(s) at the Borrower's cost. If the Lender pays the premium, or any other monies, for /towards the insurance of the Asset(s), the Borrower shall reimburse all such sum paid by the Lender.
  - (d) In the event the Borrower becomes entitled to make any claims under the above insurances, it shall promptly make a claim under such insurances and first apply all monies received either in reinstatement of the security insured or towards repayment of the outstanding amount.

**9.2** In addition to the covenants set forth in Clause 9.1, subject to the terms of Applicable Law, the Borrower does hereby further covenant that it will not, except as otherwise expressly provided in the Loan/Credit Facility Agreement, create or permit to exist any lien on the Assets or any portion thereof.

## **10. Event of Default and Enforcement**

### **10.1 Event of Default**

The security created hereunder in favor of the Lender shall become enforceable by the Lender if any Event of Default as provided in the Loan/Credit Facility Agreement occurs and/or be continuing.

### **10.2 Enter into premises**

Upon an Event of Default by the Borrower in repayment of the Loan/Credit Facility as agreed upon or in the event the charge on the assets becomes unenforceable for any reasons whatsoever, the Lender and/or its officials at the risk and expenses of the Borrower may enter upon any premises of the Borrower and /or any other person to seize, recover, collect, withdraw, receive the assets without interruption or hindrance by the Borrower and/or any other person.

### **10.3 Right to Accelerate**

(i) On or at any time after the occurrence and during the continuation of an Event of Default, if the Outstanding Amounts or part thereof is due, the Lender shall be entitled to demand from the Borrower repayment of Outstanding Amounts and/or all or any part of the amounts due together with accrued interest and all other amounts accrued under or otherwise in connection hereto and all such amounts shall become immediately due and payable, without further notice or presentment or demand for payment, protest or notice of non-payment or dishonor or other notice or demand of any kind or nature whatsoever or other legal formalities of any kind.

(ii) If the Loan/Credit Facility has been accelerated as aforesaid and not repaid pursuant to the terms of the Loan/Credit Facility Agreement, the Lender may without prejudice to any other rights and without prior written notice to the Borrower subject to any limitations which are imposed by Applicable Law and which cannot be waived by contract :-

- (a) deal with the Assets or any part thereof in such manner and upon such terms whatever as the Lender may consider fit, and/or enforce, settle, compromise with any rights or claims relating thereto without being liable for any losses and without prejudice to the Lender's aforesaid rights;
- (b) exercise any and all powers, which a receiver could exercise hereunder or by Applicable Law;
- (c) appoint by writing any person or persons to be a Receiver of all or any part of the Assets, from time to time determine the remuneration of the Receiver and remove the Receiver (except where an order of the Court is required therefore) and appoint another in place of any Receiver, whether such Receiver is removed by the Lender or an order of the Court or otherwise ceases to be the Receiver or one of two or more Receivers.
- (d) without prejudice to the aforesaid, the Lender shall be entitled to do all such acts and deeds for taking control of and recovering the Assets and any future Assets comprised in these presents, at the costs of the Borrower. The Borrower shall take no action inconsistent with or prejudicial to the right of the Lender hereinabove mentioned, and the Lender's right to receive the income, profits and benefits thereof without interruption or hindrance by the Borrower or by any person(s) whomsoever, and upon the taking of such action, the Lender shall be freed and discharged from or otherwise by the Borrower well and sufficiently saved and kept harmless and indemnified of, from and against all former and other title, claims, demands and encumbrances whatsoever.

(iii) **Sale**

Notwithstanding anything to the contrary herein and provided it is hereby agreed and declared as follows:

- (a) In the Event of Default it shall be lawful for the Lender at any time without any further consent of the Borrower, to sell, assign or concur with any other person in selling and/or assigning the Assets, and with power also to execute assurances and give effectual receipts for the purchase money and do all other acts and things for completing the sale/assignment which the person or persons exercising the power of sale/assignment shall think proper.
- (b) The Borrower shall, with the previous consent of the lender, be at liberty from time to time to sell or dispose off the Assets or any part thereof otherwise in the ordinary course of business, provided that the value of such Assets is utilized to repay the Facility.
- (c) No purchaser/assignee from, or other person dealing with the Lender and/or any Receiver upon any sale/assignment purporting to be made/done in pursuance of the aforesaid power in that behalf shall be bound or concerned to see or inquire whether an Event of Default has occurred or as to the necessity or expediency of the stipulations subject to which such sale/assignment shall have been made or otherwise as to the propriety or regularity of such sale/assignment.
- (d) Upon any such sale/assignment as aforesaid the receipt by the Lender of the purchase/assignment money shall effectually discharge the purchasers or purchaser or assignee therefrom and from being concerned to see to the application thereof or being answerable for the loss or misapplication thereof.
- (e) It shall be lawful for the Lender at any time subject to any limitations which are imposed by Applicable Law and which cannot be waived by contract, without any further consent of the Borrower, to recover the Debt Assets and/ or the Receivables hypothecated in favour of the Lender upon the occurrence of any Event of Default.
- (f) Further upon occurrence of an Event of Default, all rights to recover the Debt Assets from the debtor(s) of the Borrower and/ or the Receivables of the Borrower shall be with the Lender. After occurrence of Event of Default, the Lender shall be entitled to exercise all the rights of the Borrower in respect of the Debt Assets and will be entitled to proceed against the said debtor(s) of the Borrower to recover the amounts due in respect of the Debt Assets and to appropriate and utilize the same as mentioned above, without any reference/notice to the Borrower. Further, in such event, the Borrower shall execute all necessary documents

including the deed of assignment (if required) in respect of the Debt Assets. Additionally, after occurrence of Event of Default, the Lender shall be entitled to exercise all the rights of the Borrower in respect of the Receivables and will be entitled to recover the amounts due in respect of the Receivables and to appropriate and utilize the same as mentioned above, without any reference/notice to the Borrower. The Borrower shall, in this regard, without any demur or protest, sign and execute all documents/notices/ letters/power of attorneys as may be required by the Lender.

- (g) The Bank may exercise such other rights as may be available to it under the applicable Law, including the special rights and remedies available to secured lenders under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interests Act, 2002.
- (h) In the event if there is a surplus available pursuant to clause 10.3 (iii) (a), after payment in full of the balance due to the Lender, it shall be lawful for the Lender to retain and apply the said surplus together with any other amount in the hands of the Lender belonging to the Borrower, against in, or towards payment or liquidation of any and all other moneys which shall be and may become due from the Borrower whether solely or jointly with any other person borrower to the Lender, from loans, discounted bills, letters of credit, guarantees, charges, or any other debt or liability including bills, notes, credit and other obligation current or future, legal or equitable. In the event the net proceeds of sale/realisation is insufficient for repayment of whole of the respective amounts due to the Lender, the same shall be appropriated in liquidation of the indebtedness of the Borrower to the Lender. Until such appropriation of money which is realized by the Lender/receiver, the moneys so realized shall be held by such receiver/Lender/any of its agents, nominees, officer, in trust for the benefit of the Lender.

#### **10.4 All other rights under Loan/Credit Facility Agreement**

The Lender shall be entitled to exercise all its rights as are available to it under the Loan/Credit Facility Agreement and the Borrower acknowledges the Lender's rights thereunder. In case of any inconsistency between this Agreement and Loan/Credit Facility Agreement, a decision on the interpretation shall be taken by the Lender, which decision, the Borrower agrees, shall prevail upon it/them.

#### **11. Powers of Lender**

The Lender shall have the authority subject to any limitations which are imposed by the Applicable Law and which cannot be waived by contract, to act upon and enforce the provisions of this Deed, or to adopt appropriate remedies in that behalf and shall exercise all powers under this Deed in accordance with the Applicable Law.

#### **12. Appointment of Receiver in the Event of Default**

##### **12.1 Right to Appoint Receiver**

- (i) The Lender, at any time after it has acquired the right to exercise the power of sale/assignment pursuant to this Deed, may by writing, appoint as Receiver of the Assets one or more persons described in clause (ii), and may remove any Receiver so appointed and appoint another instead.
- (ii) The Borrower hereby consents to the appointment of any bank doing business in India, any public financial institution or any of their respective subsidiaries or affiliates or any senior official of any of the above, or advocate/ any firm of advocates or independent public accountants or any other person as approved by the Lender, as receiver ("Receiver") hereunder and agrees that it shall not object to the appointment of any such person at the time of any such appointment.

##### **12.2 Status, Powers and Remuneration of Receiver**

- (i) Appointment of any Receiver may be made at any time on or after the happening of the Event of Default.
- (ii) Such Receiver may, from time to time, be invested with such rights, powers, authorities and discretion exercisable by the Lender hereinafter set forth or under Applicable Law or as the Lender may think expedient, including the following rights, powers and authorities (all of which shall be subject to any limitations which may be imposed by Applicable Law and which cannot be waived by contract are not waivable by contract):
  - (a) to take right, title and interest on all or any part of the Assets, and for that purpose to take any proceedings and enforce any order or judgment in the name of the Borrower or otherwise, as the Receiver shall consider fit;
  - (b) to manage or carry on or concur in carrying on the business of the Borrower as regards the achievement of the purpose, as the Receiver shall consider fit;
  - (c) to make any arrangement or compromise between the Borrower and any other person or pay any compensation or incur any obligation which the Lender or the Receiver shall consider fit;
  - (d) for the purpose of exercising any of the powers, authorities and discretion conferred on it by this Deed and /or defraying any costs or expenses which may be incurred by it in the exercise thereof, or for any other purpose, to borrow from the Lender or others on such terms (with or without security) as the Receiver or the Lender shall consider fit and so that, with the prior written consent of the Lender, any such security may be or include a charge on the whole or any part of the Assets ranking wholly or partly in priority to or first and exclusive with the security created hereunder;
  - (e) to assign, sell, deal with or manage or concur in assigning, selling, dealing with or managing or otherwise dispose of any part of the Assets /future assets in such manner and generally on such terms and conditions as the Lender or the Receiver shall consider fit and to carry any such transactions into effect in the name of and on behalf of the Borrower or otherwise;
  - (f) to obtain all consents and permissions, approvals necessary or appropriate to carry out any of the matters referred to in this Deed or otherwise, as the Lender or the Receiver shall consider fit;



- (g) to redeem any prior encumbrance and settle and pass the accounts of the encumbrances so that any accounts so settled and passed shall (subject to any manifest error) be conclusive and binding on the Borrower and the money so paid shall be deemed to be an expense properly incurred by the Receiver;
  - (h) to appoint and discharge employees, officers, agents, professionals and others for the purposes hereof upon such terms as to remuneration or otherwise as the Receiver may consider fit and to discharge any persons appointed by the Borrower;
  - (i) to settle, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person or body who is or claims to be a creditor of the Borrower or relating in any way to the properties or any part thereof;
  - (j) to bring, prosecute, enforce, defend and discontinue all such actions and proceedings in relation to the Assets or any part thereof as the Receiver shall consider fit;
  - (k) to proceed against the debtor(s) of the Borrower in the event of default by them under the terms of documentation with the Borrower and shall be entitled to the rights and benefits that the Borrower against the said debtor(s);
  - (l) to do all such other acts and things (including, without limitation, signing and executing all documents and deeds) as may be considered by the Lender or Receiver to be incidental or conducive to any of the matters or powers aforesaid or otherwise incidental or conducive to the preservation, improvement or realization of the said Assets; and
  - (m) to exercise all such other power and authority as the Lender shall consider fit to confer, and which the Lender may in relation to such part of the Assets as is the subject of a first and exclusive/pari passu charge or standard security, confer any powers and authorities which it could give if it were an absolute beneficial owner thereof.
- (iii) Unless otherwise directed by the Lender, such Receiver may exercise all the rights, powers, authorities and discretion herein or by law vested in the Lender.
  - (iv) Such Receiver shall exercise its powers, authorities and discretion from time to time in accordance with instructions made and given by the Lender.
  - (v) The Lender may from time to time fix the remuneration of such Receiver which shall be paid by the Borrower, or failing such payment, the Lender may direct payment thereof out of the said Assets.
  - (vi) The Lender, from time to time and at any time, may require any such Receiver to give security for the due performance of its duties as such Receiver, and may fix the nature and amount of security to be so given, but the Lender shall not be bound in any case to require any such security.

### **13. Limitation of Liability**

- 13.1** Subject to any limitations which may be imposed by Applicable Law and which cannot be waived by contract, neither the Lender nor any Receiver shall be liable in respect of any loss or damage which arises out of the exercise, or the attempted or purported exercise of, or the failure to exercise any of their respective rights, powers, authorities, discretion and trusts that may be vested in the Lender.
- 13.2** Without prejudice to the generality of Clause 14.1, the Borrower hereby expressly agrees with the Lender that neither the Lender nor any Receiver appointed as aforesaid shall, by reason of the Lender or such Receiver acquiring or taking over the right, title, interest of the said Assets or any part thereof, be liable to the Borrower for anything, except actual receipts which have not been distributed or paid to the Borrower or the persons entitled or at the time of payment honestly and reasonably considered by the Lender to be entitled thereto, or be liable for any loss or for any default or omission for which the Lender might be liable.
- 13.3** The Lender shall not in any way be responsible in respect of the Assets even after acquiring or taking over the right, title, interest of the said Assets for any loss occasioned by theft, pilferage, robbery, fire, riot, and civil commotion or otherwise howsoever, whatsoever may be the circumstances or the reasons under or for which the loss may arise, including any act, omission, negligence, default of any of its servants or nominees or agents.

### **14. Costs and Expenses**

#### **14.1 Legal Fees and Expenses**

The Borrower shall pay all legal fees, costs, charges and expenses of the Lender in connection with or incidental to these presents or this security and incurred as well for the protection and security of the said Assets and for the demand, realisation and recovery of the Outstanding Amounts.

#### **14.2 Stamp Duty and Other Fees on Execution, Registration etc.**

The Borrower shall pay all stamp duty, other duties, taxes, fees, penalties or other charges payable on or in connection with the execution, issue, delivery, registration of this Deed, and any document, act and registration performed pursuant hereto or thereto in all the territories (as may be applicable).

#### **14.3 Reimbursement Obligations**

All reasonable costs, expenses, charges and fees paid or incurred by the Lender in the exercise of any of the rights, remedies or powers granted hereunder including without limitation, payment of any costs, expenses, charges or fees in this Clause 14 which shall be for the account of the Borrower, and the Borrower undertakes promptly on demand to pay the same or, as the case may be, to reimburse the Lender or its agents, representatives, successors and assigns for any such monies paid by the Lender or any of them with interest thereon at the applicable rate from the date the Borrower receives notice thereof from the Lender and/or their agents, representatives, successors, and assigns until reimbursed by the Borrower, and all such costs, expenses, charges and fees shall be added to the Outstanding Amounts and be secured hereby.



**15. Attorney**

**15.1 Appointment**

The Borrower hereby irrevocably appoints the Lender, its authorised signatories as well as each Receiver to be appointed under these presents to be its attorney or attorneys, and in the name and on behalf of the Borrower, to execute and do all acts, deeds and things which the Borrower is authorised to execute and do under the covenants and provisions herein contained and generally to use the name of the Borrower in the exercise of all or any of the powers by these presents or by law conferred on the Lender or any Receiver appointed by the Lender and also to execute on behalf of the Borrower at the cost of the Borrower the powers hereunder or by law conferred on the Lender or any Receiver appointed by them and also to execute on behalf of the Borrower at the cost of the Borrower such documents and deeds as may be necessary to give effect to the provisions referred to hereinabove and also for protection, preservation, enforcement and realization of the security, and the Borrower shall bear the expenses that may be incurred by the Lender or any Receiver in that behalf. In the Event of Default under the Loan/Credit Facility Agreement, or occurrence of any circumstances in the opinion of the Lender, endangering the security for the payment of the Loan/Credit Facility, the Lender and their officers will be entitled without notice to the Borrower but at the Borrower's risk and expenses and if so required, as attorneys for and in the name of the Borrower or exercise the rights available to the Lender under clause 10.3 (iii).

**15.2 Ratification**

The Borrower ratifies and confirms, and agrees to ratify and confirm whatever such attorney shall do or purport to do, and all acts or things made, done or executed by any attorney as contemplated by Clause 15.1 above.

**15.3 Irrevocability**

The power of attorney granted by Clause 15.1 (Appointment) is, as regards the Lender and its delegates and any Receiver (as the Borrower hereby acknowledges), granted irrevocably, coupled with interest and for value as part of the security constituted by this Deed to secure proprietary interests of, and the performance of obligations owed to the Lender.

**16. Application of Monies**

**16.1** All monies received by the Lender or any Receiver appointed hereunder, whether prior to or as a result of the enforcement of the security constituted hereunder, shall be applied by the Lender as provided for in the Loan/Credit Facility Agreement.

**16.2** The Borrower shall be liable to the Lender for any deficiency in the monies received by the Lender.

**17. Indemnity**

(i) The Borrower hereby unconditionally and irrevocably agrees as a primary obligation that it shall indemnify and hold harmless the Lender and every attorney, manager, receiver, agent or other person appointed by it against any loss suffered by any of them as a result of any payment obligation of itself under this Deed being or becoming void, voidable or unenforceable for any reason (whether or not now existing and whether or not now known or becoming known to any Party to this Deed).

(ii) The Borrower shall at all times indemnify and save harmless the Lender against any and all losses, costs, charges, damages, liabilities, suits, claims, counterclaims, actions, penalties, expenses (including attorney's fees and court costs), which the Lender and every attorney, manager, receiver, agent or other person appointed by it shall suffer as a result of any breach of the Borrower's warranties, representations, covenants, undertaking or agreement contained herein.

**18. Waiver**

**18.1 No Implied Waiver or Impairment**

No delay or omission of the Lender or any Receiver in exercising any right, power or remedy accruing to the Lender or any Receiver upon any default hereunder shall impair any such right, power or remedy or be construed to be a waiver thereof or any acquiescence in such default, nor shall the action or inaction of the Lender or any Receiver in respect of any default or any acquiescence by them in any default, affect or impair any right, power or remedy of the Lender or any Receiver in respect of any other defaults, nor shall any single or partial exercise of any such right, power or remedy preclude any further exercise thereof or the exercise of any other right, power or remedy. The rights and remedies of the Lender herein provided are cumulative and not exclusive of any rights or remedies provided by law.

**19. Communications**

**19.1 Notices**

Every notice, request, demand or other communication under this Deed shall:

(a) be in writing, delivered by hand, or by registered post, acknowledgement due;

(b) be deemed to have been received when delivered by hand, at the time so delivered if during business hours on a Business Day for the recipient, and if given by registered post acknowledgement due, forty eight (48) hours after it has been put into post and be sent to the Borrower at its address first hereinabove mentioned and to the Lender at its office address first hereinabove mentioned, or to such other address as either Party may in writing hereafter notify to the other Party.

**20. Severability**

Every provision contained in this Deed shall be severable and distinct from every other such provision and if at any time any one of more of such provisions is or becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of such provision in any other jurisdiction and of the remaining provisions hereof shall not be in any way affected or impaired thereby.

**21. Governing Law and Jurisdiction**

**21.1** This Deed shall be governed by and construed in accordance with the laws in India.

**21.2** The Parties hereto agree that all disputes arising out of and/or relating to this Deed including any collateral document shall be subject to the exclusive jurisdiction of a competent court in Jaipur and that accordingly any suit, action or proceedings (referred to as "Proceedings") arising out of or in connection with this Deed may be brought in such courts or the tribunals and the Borrower irrevocably submits to and accepts the jurisdiction of those courts or tribunals.

**21.3** All matters, questions, disputes, default, differences and/or claims arising out of and/or concerning and/or in connection and/or in consequence of breaches, termination or invalidity thereof or relating to this Agreement, whether or not obligations of either or both parties under this Agreement be subsisting at the time of such dispute and whether or not this agreement has been terminated or purported to be terminated or completed shall be settled by arbitration in accordance with the provisions of Arbitration and Conciliation Act, 1996 or any statutory amendment thereof and shall be referred to the sole arbitrator to be nominated by the Lender/Bank. The award given by the sole arbitrator shall be final and binding on all parties to this Agreement. The seat of arbitration shall be Jaipur, Rajasthan and the cost of arbitration shall be solely borne by the Borrower.

**22. Termination**

This Deed shall be satisfied and discharged when all Outstanding Amounts and liabilities in connection therewith owing to the Lender shall have been fully repaid by the Borrower, and all commitments in connection with the Loan/Credit Facility Agreement have been fully honoured including but not limited to the repayment of the following by the Borrower to the Lender in full, and:

- (i) reasonable costs, charges, fees and expenses (including legal and other fees on a full indemnity basis and all other out-of-pocket expenses) incurred by the Lender or the Receiver or their advisers in connection with the preparation, execution and delivery of this Deed, in exercising any of its or their rights or powers hereunder, in suing for or seeking to recover any sums due hereunder, otherwise preserving or enforcing its or their rights hereunder, in connection with the preservation or attempted preservation of the Assets, in defending any claims brought against the Lender or the receiver in respect of this Deed and/or in discharging this Deed, have been paid to the Lender; and
- (ii) all remuneration payable to the Receiver, has been received by such Receiver.

**23. Amendment**

No change to or modification of the terms of this Deed shall be valid, binding or enforceable unless the same is in writing and signed by the Parties hereto.

**24. Assignment**

The Lender shall be free to assign its rights and obligations hereunder or any part thereof, without any reference or recourse to the Borrower. The Borrower shall not transfer its rights and obligations hereunder or any part thereof to any third party.

**IN WITNESS WHEREOF** the Borrower hereto has executed this Deed on the day and year hereinabove written.

**DECLARATION**

I/We \_\_\_\_\_ (hereinafter referred as the "borrower") hereby declare that, I/We have fully read and understood and were explained about the loan agreement, and i accept and agree to all contents and terms and conditions/ general notes mentioned in the agreement from page 23 to 31 and all paragraphs/clauses from 01 to 24 and schedule and also confirm to abide by same and the aforesaid other documents. pursuant to the same the aforesaid person(s) is / are affixing his / her / their signature(s) / thumb impression(s) as given herein below.

I/We confirm that whatever I have stated hereinabove is true and correct to the best of my knowledge and belief and i/we enter into this agreement voluntarily, with full knowledge of its effect and signing of this document shall construed as signing of each and every page of loan agreement and all other documents.

**DECLARATION IF THE BORROWER(S) SIGNS IN VERNACULAR LANGUAGE**

The contents of the Loan Application, Agreement, power of attorney, memorandum of deposit of title deeds, declaration and promissory note have been explained by me to the applicant/co-applicant in \_\_\_\_\_ (name of language in which applicant signed) and the same have been understood by the applicant/co-applicant.

मैंने आपके बैंक में लोन के लिए आवेदन किया है। और मैंने एप्लीकेशन की अंग्रेजी भाषा को पढ़ लिया है / समझ लिया / समझा दिया गया है और मेरे को मान्य है। मैं अपने हस्ताक्षर हिन्दी में करता / करती हूँ या अँगूठा लगाता / लगाती हूँ।

In case of a Individual Borrower  
For Individual (Name of Borrower)

Date: \_\_\_\_\_  
Place: \_\_\_\_\_

**In case of Partnership Firm**

For \_\_\_\_\_  
\_\_\_\_\_(Name of the Partnership Firm)  
(Partners)

**In case of Proprietorship Concern**

For \_\_\_\_\_ (Name of the Proprietorship Concern).  
the above mentioned Borrower  
(Proprietor)

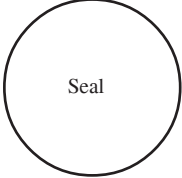
**In case of HUF**

\_\_\_\_\_ as the Karta of the (HUF)  
The above mentioned Borrower (Karta)

In case of society

SIGNED AND DELIVERED by Within Name Borrower M/S \_\_\_\_\_  
through the hands of its duly authorized signatory Mr. \_\_\_\_\_ (Designation)  
in the presence of Mr. \_\_\_\_\_

SIGNED AND DELIVERED by Within Name Co-Borrower M/S \_\_\_\_\_  
through the hands of its duly authorized signatory Mr. \_\_\_\_\_ (Designation)  
in the presence of Mr. \_\_\_\_\_

	<p>) ) ) ) ) ) ) ) ) ) )</p>	<p>The Common Seal of [_____] has been affixed hereunto pursuant to the Resolution of the Board of Directors/Shareholders dated [_____] day of [_____] , [_____] in the presence of:</p> <ol style="list-style-type: none"><li>1.</li><li>2.</li><li>3.</li><li>4.</li><li>5.</li></ol> <p>the Director/s and /or the [_____] who have in token thereof, subscribed their Signature hereto.</p>
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Acknowledged by within named AU Small Finance Bank Limited By  
the hand of its Authorized Signatory/ Constituted Attorney

**SCHEDULE A**

**DESCRIPTION OF BORROWER**

**Description of the Borrower:**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Type of Entity: \_\_\_\_\_

PAN/CIN: \_\_\_\_\_

**SCHEDULE B**

**DESCRIPTION OF ASSETS**

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**MEMORANDUM OF DEPOSIT OF TITLE DEEDS**

(1) On the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, Mr./Ms. \_\_\_\_\_  
\_\_\_\_\_, S/D/W/o \_\_\_\_\_  
\_\_\_\_\_, aged \_\_\_\_\_ years, Indian inhabitant residing at \_\_\_\_\_,  
in his/her individual capacity/in the capacity of \_\_\_\_\_ of \_\_\_\_\_

OR

[\_\_\_\_\_] , a partnership firm with its office at  
[\_\_\_\_\_] , represented by Mr./  
Ms. [\_\_\_\_\_]

OR

Mr./Ms. [\_\_\_\_\_] ,  
[\_\_\_\_\_] of [\_\_\_\_\_] ,  
a company incorporated under the Companies Act 1956/2013 with corporate identity number  
[\_\_\_\_\_] and having its registered office at  
[\_\_\_\_\_]

(hereinafter referred to as the “Mortgagor”), attended the office of AU Small Finance Bank Limited (hereinafter referred to as the “Lender”) at \_\_\_\_\_ and agreed to deliver and deposit / delivered to and deposited with Mr./Ms. \_\_\_\_\_, \_\_\_\_\_ (designation), acting for the Lender, the documents of title, evidences, deeds and writings more particularly described in the First Schedule hereunder written (hereinafter called as the said “Title Deeds”) in respect of immovable property situated at \_\_\_\_\_  
\_\_\_\_\_ admeasuring \_\_\_\_\_.

(2) Whilst making the deposit of the said Title Deeds, Mortgagor stated that he/she is / will be doing so in the capacity as \_\_\_\_\_ of the Mortgagor with intent to create a security by way of mortgage by deposit of title deeds on the Mortgagor’s immovable property more particularly described in the Second Schedule hereunder written together with all building and structures thereon, present and future and all furniture, fixture and fittings etc. (hereinafter called as the “Immovable Property”) to secure due repayment, discharge and redemption of the loan of Rs.

(Rupees \_\_\_\_\_ only) availed by the Mortgagor pursuant to a loan agreement dated \_\_\_\_\_ (“Loan Agreement”), together with interest, additional interest, liquidated damages, compound interest, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other monies payable under the loan agreement /letter of sanction, as amended from time to time.

(3) Mortgagor further stated that he/she was authorised to create mortgage by way of deposit of Title Deeds as aforesaid, in the capacity as \_\_\_\_\_ of the Mortgagor, pursuant to the resolution passed on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_ and he/she furnished a certified copy of the said resolution to Mr./ Ms. \_\_\_\_\_, acting for the Lender and further stated that the said resolution was in full force and effect and has not been modified or rescinded in any manner whatsoever.

(4) Mortgagor further stated that the said Title Deeds so deposited were the only documents of title relating to the said Immovable Property in the possession, power and control of the Mortgagor and that the Mortgagor had a clear and



marketable title to the said Immovable Property; (b) the Mortgagor has good, clear, valid, marketable and subsisting registered freehold title and rights to the Immovable Property; and (c) no mortgage, power of attorney (by whatever name called), charge, lien or other security interest securing any obligation of any Person or any other agreement or arrangement having a similar effect (collectively an “Encumbrance”), exists on or in connection with the Immovable Property or any part thereof in favour of any Governmental Authority or any Person.

- (5) Mortgagor further stated that the Mortgagor has full power and absolute authority (corporate or otherwise) to create equitable mortgage over the Immovable Property in favour of the Lender. Mortgagor also stated that the Mortgagor has obtained all requisite consents, governmental approvals and other authorizations as are required for the creation of the equitable mortgage in respect of the Immovable Property in favour of the Lender.
- (6) Mortgagor further stated that the Mortgagor has not entered into any contract for transfer, sale, assignment, Encumbrance or alienation of the Immovable Property or any part thereof.
- (7) Mortgagor further stated there is no impediment or hindrance under applicable law or under any contract, suit, proceeding, decree, order, judgment, award or document or instrument preventing the Mortgagor from creating and perfecting the equitable mortgage created on the Immovable Property in favour of the Lender.
- (8) Mortgagor further stated that there is no prohibitory order either from the income tax authority or from any revenue authority for mortgage and or transfer of the said Immovable Property nor there is any litigation pending in any court in respect of the said Immovable Property nor there is any lis pendens registered nor there is any attachment either before or after the judgement in respect of the same.
- (9) Mortgagor further stated the description of the lands comprised in the Immovable Property, set forth in Second Schedule, is true, accurate and complete.
- (10) For the avoidance of doubt, it is clarified that this Memorandum is only a recordal of the deposit of the Title Deeds by Mortgagor with the Lender, and shall not to be construed as an agreement between such authorised official/Mortgagors and the Lender.
- (11) All matters contained in this Memorandum are severable and distinct from every other matter and if at any time any matter is or becomes invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining portions of this Memorandum shall not be in any way affected or impaired thereby.
- (12) The aforesaid deposit of the title deed was made by Mortgagor in his/her capacity as a Mortgagor in the presence of Mr./Ms. \_\_\_\_\_ of the Bank.
- (13) For the purposes of the foregoing, the capitalized terms used in this Memorandum of Entry, where not so defined herein, shall have the meaning set out in the Loan Agreement, as amended from time to time.

**First Schedule**

**(List of Title Deeds)**

List of the documents deposited with AU Small Finance Bank Limited:

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We, AU Small Finance Bank Limited do hereby acknowledge to have on this date received the above listed deed and documents and undertake to redeliver the same intact (damage by fire or other inevitable accident only exempted) to the said \_\_\_\_\_

\_\_\_\_\_ on receipt by us of the principal sum of the Facility, interest, commitment and other charges and any other dues payable by the Mortgagor.

**Second Schedule**

**(Description of Immovable Property)**

All those pieces and parcels of property being land together with all buildings and structures thereon at

\_\_\_\_\_ and bound as under:

**Boundaries:**

On the

East : North :

West : South :

Dated:

For AU Small Finance Bank Limited

## DECLARATION

I/We, Mr./Ms. \_\_\_\_\_ in my/our capacity as owner of the immovable property / Director / Attorney / Authorised Signatory / Partner (as the case may be) ("Mortgagor's Representative") of \_\_\_\_\_ ("Mortgagor") mentioned in the First Schedule attached hereto do hereby solemnly declare, confirm and re-confirm and say as follows:

- (1) Save and except for the Mortgagor, no other person or persons have any shares, right, title, or interest of any nature whatsoever in the immovable property described in the Second Schedule hereto (hereinafter referred to as the "Immovable Property") and the Mortgagor's title to the said Immovable Property is marketable and free from all encumbrances.
- (2) I/we have full right and absolute authority to mortgage by deposit of title deeds on behalf of the Mortgagor, the said Immovable Property in favour of AU Small Finance Bank Limited, a small finance bank having its registered office at 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur (Rajasthan) - 302001 (hereinafter referred to as the "Lender" which expression shall, unless repugnant to the context or meaning thereof, mean and include its successor(s) and assign(s)).
- (3) The Immovable Property is proposed to be charged and mortgaged by way of deposit of title deeds for securing the repayment of the loan as mentioned in the Third Schedule hereunder written ("Facility") along with all interest, liquidated damages, costs, charges, expenses, guarantee commission and other monies, payable under the loan agreement dated \_\_\_\_\_ executed between the Lender and the Mortgagor ("Loan Agreement") as amended from time to time.
- (4) There is no prohibitory order either from the income tax authority or from any revenue authority for mortgage and or transfer of the said Immovable Property nor there is any litigation pending in any Court in respect of the said Immovable Property nor there is any lis pendens registered nor there is any attachment either before or after the judgement in respect of the same.
- (5) The equitable mortgage created in favour of the Lender herein shall be in full force and effect until all Outstanding Amounts have been satisfied.
- (6) The Mortgagor has not created any trust in respect of the Immovable Property and the Immovable Property is in the exclusive, uninterrupted, and undisturbed possession and enjoyment of the Mortgagor.
- (7) No mortgage, power of attorney (by whatever name called), charge, lien or other security interest securing any obligation of any Person or any other agreement or arrangement having a similar effect (collectively an "Encumbrance") whatsoever will be created on the Immovable Property save and except with the permission of the Lender.
- (8) Other than as contemplated under the Loan Agreement, the Mortgagor shall not sell, lease, sub-lease, license, sub-let, transfer, assign, create any Encumbrance or alienate of the Immovable Property or any part thereof save and except with the prior written permission of the Lender.
- (9) Until all dues under the Facility have been repaid to the Lender, the Mortgagor shall not deal with the Immovable Property in any manner which shall affect or diminish the title of the Mortgagor to the Immovable Property or in any manner which affects the rights of the Lender on the Immovable Property.
- (10) There are no encroachments or trespassers on the Immovable Property or any part thereof.
- (11) I am not aware of any act, deed, matter or circumstance which would prevent the Mortgagor from mortgaging and charging the Immovable Property in favour of the Lender by way of an equitable mortgage.
- (12) The Mortgagor, where it is a company, shall forthwith complete the following actions: (a) filing with the jurisdictional Registrar of Companies, Form CHG-1 of the Companies (Registration of Charges) Rules, 2014, evidencing the creation of equitable mortgage on the Properties; and (b) admission and registration of the memorandum of entry before the relevant Registrar or Sub-Registrar of Assurances in the district or sub-district where the Immovable Property is situated; and (c) all such acts and deeds, and execution of all such documents, deeds and instruments, as may be required by the Lender to create and perfect the equitable mortgage over the Immovable Property.
- (13) The provisions of Section 67-A of the Transfer of Property Act, 1882 (the "TP Act"), shall not apply to the equitable mortgage created on the Immovable Property notwithstanding that the Lender may hold two or more equitable mortgages executed by the Mortgagor or any other Person, in respect of which the Lender has the right to obtain the decrees under Section 67 of the TP Act. The Lender shall be entitled to sue and obtain such decree on any of such equitable mortgages without being bound to sue on all such mortgages in respect of which the mortgage moneys becomes due.
- (14) The Lender, its nominees, agents or representatives shall have full and free rights and liberty in the Immovable Property as and by way of easement to pass, re-pass and have unfettered access during normal business hours.
- (15) All requisite consents, governmental approvals and other authorizations as are required for the creation of the equitable mortgage in respect of the Immovable Property in favour of the Lender have been obtained by the Mortgagor.
- (16) There is no fact or circumstance which adversely affects, or which may adversely affect, the use, or enjoyment of any land or premises owned, occupied or used by the Mortgagor, or in the possession of the Mortgagor that is comprised in the Immovable Property, or creation of equitable mortgage on the Immovable Property.
- (17) No notice has been served on the Mortgagor by any Governmental Authority which might impair, prevent or otherwise interfere with the rights of the Mortgagor in the Immovable Property or of the Lender as the mortgagee of the Immovable Property.
- (18) The Mortgagor has paid, and shall pay, all rents, royalties and all public demands, including provident fund dues, gratuity dues, employees state insurance dues, income tax, sales tax, corporation tax and all other taxes and revenue payable to Governmental Authority and that at present there are no arrears of such dues, rents, royalties, taxes and revenues due and outstanding and that no notices, attachments or warrants have been served on the Mortgagor in relation to the Immovable Property.
- (19) The Mortgagor shall give such declarations, undertakings, indemnities and other writings as may be required by the Lender and satisfactorily comply with all other requirements and requisitions submitted by or on behalf of the Lender in connection with the creation and perfection of the equitable mortgage on the Immovable Property in favour of the Lender.

- (20) The Mortgagor shall pay all costs, charges and expenses, taxes, stamp duties, duties, registration charges and penalties, if any, as may be required to be paid under applicable law with respect to the creation of equitable mortgage over the Immovable Property by way of the delivery and deposit of the title deeds, including without limitation any stamp duty charges, as may be applicable, on this declaration and all other documents that the Mortgagor may be required to execute in connection herewith, or as may be required for defending its rights, title or interest on the Mortgagor.
- (21) The Mortgagor has good right, full power and absolute authority to mortgage by deposit of title deeds and to transfer the said Immovable Property by deposit of title deeds and documents and that neither the Mortgagor nor anyone on their behalf has committed any act, deed, matter or thing whereby the said deposit of the said title deeds and/or the said mortgage by deposit of title deeds can be adversely effected.
- (22) No other person is in custody, possession, occupation of the said Immovable Property and that no other person is entitled to claim any right, title or interest of whatsoever nature either by way of tenancy, sub-tenancy, license, sub-license, care-taker or in any other manner or any occupational right or interest in the Immovable Property and I / We agree to handover vacant and peaceful possession of the said Immovable Property in the event of the Lender exercising rights to the same.
- (23) The Mortgagor has not entered into any agreement for sale, transfer or alienation thereof or any part or parts of the Immovable Property.
- (24) The documents specified in Fourth Schedule hereunder written are the only title deeds or documents relating to the Immovable Property or any part thereof and there are no other documents of title in respect of the Immovable Property or any part thereof in the possession, power, custody or control of the Mortgagor and/ or any of its representatives or agents.
- (25) All corporate resolutions under the Companies Act, 2013, in relation to the mortgage of the Immovable Property have been passed by the Mortgagor, and such resolutions passed are valid, legally binding and in full force and effect and have not been varied or rescinded or shall not be varied or rescinded.
- (26) The Immovable Property are marketable, free and clear of all Encumbrances and do not fall under the Urban Land (Ceiling and Regulation) Act 1976, or if any consent is required, the same has been obtained.
- (27) On the basis of the aforesaid statement and assurances and request made by me / us, the Lender has agreed to accept the said Immovable Property as security by deposit of title deeds and documents inter alia for securing the Facility alongwith all interest, liquidated damages, costs, charges, expenses, guarantee commission and other monies, payable under the Loan Agreement, as amended from time to time and I / we hereby agree to indemnify and keep indemnified the Lender and all against all actions, suits, costs, charges, expenses, proceedings and damages and that may be suffered and / or incurred by the Lender, if any of the statement made hereinabove are to be untrue and / or false.
- (28) I hereby agree that all the terms, benefits and rights contained in this declaration shall inure for the benefit of the Lender. I am aware that it is on the faith of this declaration that the Lender has agreed to provide the Facility to the Borrower.
- (29) I / We hereby state that whatever statements made hereinabove are true to my own knowledge, information and behalf and have been made on my own free will and I / we believe the same to be true.
- (30) For the purposes of the foregoing, the capitalized terms used in this Declaration, where not so defined herein, shall have the meaning set out in the Loan Agreement, as amended from time to time.
- (31) The Mortgagor hereby gives specific consent to the Bank/Lender for disclosing / submitting the 'financial information' as defined in Section 3 (13) of the Insolvency and Bankruptcy Code, 2016 ( 'Code' for brief ) read with the relevant Regulations/ Rules framed under the Code, as amended and in force from time to time and as specified there under from time to time, in respect of the Credit/ Financial facilities availed from the Bank/ Lender, from time to time, to any 'Information Utility' ( 'IU' for brief ) as defined in Section 3 ( 21 ) of the Code, in accordance with the relevant Regulations framed under the Code, and directions issued by Reserve Bank of India to the banks from time to time and hereby specifically agree to promptly authenticate the 'financial information submitted by the Bank/Lender, as and when requested by the concerned 'IU'".

All matters contained herein are severable and distinct from every other matter and if at any time any matter is or becomes invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining portions hereof shall not be in any way affected or impaired thereby.

The Common Seal of the within named Mortgagor, [ \_\_\_\_\_ ], has, pursuant to the resolution of its Board of Directors, passed in that behalf on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, hereunto been affixed in the presence of \_\_\_\_\_

OR

SIGNED AND DELIVERED by the within named Mortgagor, [ \_\_\_\_\_ ]  
by the hand of \_\_\_\_\_

Borrower \_\_\_\_\_ (Signature)

Co-Borrower \_\_\_\_\_ (Signature)

**First Schedule**

**(Description of the Mortgagor)**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Constitution: \_\_\_\_\_

**Second Schedule**

**(Description of Immovable Property)**

All those pieces and parcels of property being land together with all buildings and structures thereon at

\_\_\_\_\_ and bound as under:

**Property 1**

**Boundaries:**

On the

East :

West :

North :

South :

**Property 1**

**Boundaries:**

On the

East :

West :

North :

South :



**Third Schedule**

**(Details of Facility)**

Facility Amount:

No. of tranches (Single/Multiple):

Rate of Interest:

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

(\_\_\_\_\_)

**Fourth Schedule**

**List of Title Deeds**

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10.	

## LETTER OF GUARANTEE

To  
AU SMALL FINANCE BANK LIMITED  
19-A, Dhuleshwar Garden, Ajmer Road,  
Jaipur

### Sub: Letter of Guarantee

Dear Sirs,

In consideration of AU SMALL FINANCE BANK LIMITED, having CIN no. L36911RJ1996PLC011381, a small finance bank under Banking Regulation Act 1949, having its registered office at 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur - 302001, Rajasthan (hereinafter referred to as the "Lender" which expression shall, unless it be repugnant to the subject meaning or context thereof, be deemed to mean and include its successor(s) and assign(s)), at our request, allowing/allowed or granting /granted or continuing to allow or grant to person(s) named as the Borrower in the Schedule below (the "Borrower") [which expression shall, unless it be repugnant to the subject, meaning or context thereof, be deemed to mean and include its successor(s) and permitted assign(s)], a loan/facility of the amount as specified in the Schedule below vide facility agreement executed between the Borrower and the Lender.

I/We the "Guarantor" named in the Schedule [which expression shall, unless it be repugnant to the subject meaning or context thereof, be deemed to mean and include their heir(s), administrator(s), executor(s), legal representative(s), successor(s) and permitted assign(s)] agree with you and declare and guarantee as follows:

1. We, jointly and severally, hereby irrevocably guarantee that the Borrower shall pay to the Lender, as and when due, the amount of the Facility as defined in the Schedule below along with interest, cost, charges, as applicable to the Facility as provided in the facility agreement executed between the Lender and the Borrower (hereinafter referred to as the "Facility Agreement" together with interest and default interest in the event of delayed payment plus interest tax with monthly rests in respect of the above referred Facility extended to the Borrower by the Lender and all Outstanding Amounts (defined in the Facility Agreement) payable under the Facility Agreement, as more particularly set out in the Facility Agreement.
2. We, jointly and severally, guarantee to pay without dispute and demure to the Lender, on demand, at any branch of the Lender the defaulted amount on the Due Date of Outstanding Amounts, interest, cost and charges incurred in recovery of the loan and enforcement of the security and/or agree to indemnify and keep the Lender indemnified, saved, defended and harmless against and in respect of any delay and default of the Borrower in payment of all Outstanding Amounts under the aforesaid Facility Agreement on the respective Due Date (defined in the Facility Agreement) and/or of interest, default interest as more particularly mentioned in the Facility Agreement and/or all costs, charges, damages, losses, claims and expenses that may at any time become due to the Lender from the Borrower and/or which the Lender may suffer, sustain, incur or be put to loss as a result of such delay and default(s) of the Borrower in respect of the Facility, irrespective of any dispute or differences with the Borrower.
3. A demand in writing from the Lender shall be a conclusive evidence and proof that the Borrower has committed a default and we shall not be entitled to challenge the demand or to contend that no default has been committed by the Borrower.
4. We will be jointly and severally liable to the Lender along with principal debtors and hereby also waive all the rights available to us under section 131, 133, 134, 135, 139, 140 and 141 of the Indian Contract Act, 1872 and shall not be entitled to the benefit of subrogation to the security/ies held by the Lender until all monies due to the Lender secured by such securities are fully repaid and also if the same securities are held by the Lender for any other indebtedness of the Borrower.
5. This guarantee shall not be avoided, released or affected by (i) variation, modification or deletion of any of the terms and conditions regarding or pertaining to the Facility as aforesaid and granted by the Lender to the Borrower,
6. This guarantee shall be a continuing guarantee and shall not be considered as wholly or partially satisfied or exhausted by payment or liquidation of the Borrower or Guarantor.
7. So long as any amount/s remains owing to the Lender under this guarantee, the Lender shall have a lien on any/all monies standing to our credit with the Lender and on any securities in the hands of the Lender belonging to us or under our control.
8. This guarantee and the obligations hereunder shall not be affected and /or discharged due to any circumstances whatsoever, including insolvency or bankruptcy and those by which the name or the constitution or the character of the Borrower is/changed or if the management or administration of the Borrower or its undertaking/s is/are/be taken over or nationalised by the Central and/or the State Government/s under the Industries Development and Regulations Act, 1951 or any other Act or law or by any local authority or statutory body or bodies empowered to do so under any law. This guarantee shall not be determined or be prejudiced in any way if the Borrower absorbs or is amalgamated with any other company, or concern or if the Lender is amalgamated with or absorbed by any other company or concern but shall be available for and by the absorbing or amalgamated company or concern (as the case may be). We, jointly and severally, hereby confirm that we know and are aware of the terms and conditions of the above referred Facility and have obtained all the necessary corporate authorization required for executing this guarantee.
9. If the Guarantor is a company, then the Guarantor shall not induct/appoint any person as a director on its board of directors, whose name appears in the list of wilful defaulters (as published/ prepared by any regulator/statutory body viz. Reserve Bank of India/National Housing Board) and in case any director of the Guarantor (s) is declared as a willful defaulter, the Guarantor (s) shall forthwith take expeditious and effective steps for removal of such director from its board of directors and forthwith inform about the same to the Lender.
10. Any admission or acknowledgement in writing signed by the Borrower of its liability or indebtedness or otherwise in relation to the Facility and/or any part payment by it or its authorized agent towards the principal sum/Outstanding Amounts or any judgment, award or order obtained against the Borrower shall be binding upon us and we further agree that if the Borrower makes an acknowledgement or makes a payment, the Borrower shall be deemed to act as our duly authorized agent and the Borrower shall be deemed to have made and/or given by or on our behalf itself and shall be binding upon it for the purposes of Sections 18 and 19 of the Limitation Act of 1963.

11. Our liability hereunder to the Lender is joint and several and every agreement and undertaking on our part shall be construed accordingly.
12. **Notice:**
- (i) Every notice, request, demand or other communication to be given by one party to the other under this guarantee shall:
  - (a) be in writing delivered personally or by registered post or through courier (b) be deemed to have been received when delivered personally, mail or telegram at the time so delivered and if given by registered post/courier, forty eight (48) hours after it has been put into post/courier; (c) be sent to us and/ or the Lender at their addresses first hereinabove mentioned or to such other address as either party may in writing hereafter notify to the other party.
  - (ii) Any notice to be given by the Lender to us, shall be effective and deemed to have been duly and sufficiently served on us, three (3) days after the same shall have been delivered to the post office properly addressed to us at the addresses mentioned hereinabove and if delivered to us against acknowledgement, it shall be deemed to have been duly served as on the date of delivery.
  - (i) A certificate by an officer of the Lender that the notice was posted or served, as the case may be, shall be final, conclusive and binding on us.
13. **Disclosure of Information**
- (i) We, jointly and severally, hereby agree and consent, as a precondition relating to the grant of the Facility given to the Borrower by the Lender, that in case we commit any default in the payment of any of the Outstanding Amounts to the Lender, the Lender and/or Reserve Bank of India ("RBI") shall have unqualified right to disclose and furnish to Credit Information Bureau (India) Limited ("CIBIL") and other agency so authorised by RBI, our name as defaulters in such manner and through such medium as the Lender or RBI in their absolute discretion may think fit. Notwithstanding the above, we understand that as a precondition relating to grant of the Facility to the Borrower, the Lender requires our consent for the disclosure by the Lender of information and data relating to our obligations assured/ to be assured by us in relation thereto and default, if any, committed by us in discharge thereof. Accordingly, we, jointly and severally, hereby agree and give consent:
    - (a) for the disclosure by the Lender of all or any such information and data relating to us;
    - (b) The information or data relating to our obligations in any facility granted / to be granted by the Lender and guaranteed by us;
    - (c) for the disclosure by the Lender of all/any default, committed by us in discharge of our obligations under this guarantee as the Lender may deem appropriate and necessary to disclose and furnish to CIBIL and any other agency authorized in this behalf by RBI.
    - (d) to publish our name as defaulters with or without the photograph in any local/regional/national newspaper/magazine etc. and/or through electronic medium which includes publication on the website etc. and/or in such other manner and through such other medium as the Lender / RBI may in their absolute discretion think fit.
    - (ii) We, jointly and severally, hereby declare that the information and data furnished by us to the Lender are true and correct.
    - (iii) We, jointly and severally, hereby declare that CIBIL and any other agency so authorized in this regard may use, process the said information and data disclosed by the Lender in the manner as deemed fit by them; and may furnish for consideration, the processed information and data or products thereof prepared by them, to the Lender or banks/financial institutions and other credit grantors or registered users, as may be specified by the RBI in this regard.
    - (iv) The Lender may disclose to a potential assignee or to any person who may otherwise enter into contractual relations with the Lender in relation to this guarantee such information about us as the Lender may deem appropriate.
    - (v) We jointly and severally confirm that the Lender may for the purposes of credit reference checks, verification, etc. disclose any information/documents relating to us (pertaining to the Facility availed by the Borrower) to any third party appointed by it. We jointly and severally, further authorize the Lender to disclose said information /documents to RBI, income tax authorities, credit bureau, third parties, credit rating agencies, databanks, corporates, banks, financial institutions or any other government or regulatory authorities, statutory authorities, quasi judicial authorities.
14. The courts and tribunals of competent jurisdiction at Jaipur shall have exclusive jurisdiction with respect to any proceedings relating to this Guarantee.
15. This guarantee shall be binding on all our heir(s), executor(s), administrator(s), legal representative(s), successor(s) and assign(s).
16. Capitalised terms used herein but not defined shall have the same meaning assigned to it as under the Facility Agreement.
17. "All matters, questions, disputes, default, differences and/or claims arising out of and/or concerning and/or in connection and/or in consequence of breaches, termination or invalidity thereof or relating to this guarantee shall be settled by arbitration in accordance with the provisions of Arbitration and Conciliation Act, 1996 or any statutory amendment thereof and shall be referred to the sole arbitrator to be nominated by the Lender/Bank. The award given by the sole arbitrator shall be final and binding on the guarantor. The seat of arbitration shall be Jaipur, Rajasthan."
18. The Guarantor hereby gives specific consent to the Bank/Lender for disclosing / submitting the 'financial information' as defined in Section 3 (13) of the Insolvency and Bankruptcy Code, 2016 ( 'Code' for brief ) read with the relevant Regulations/ Rules framed under the Code, as amended and in force from time to time and as specified there under from time to time, in respect of the guarantees given, securities created for securing the Credit/ Financial facilities availed by the Borrower from the Bank/ Lender, from time to time, to any 'Information Utility' ( 'IU' for brief ) as defined in Section 3 ( 21 ) of the Code, in accordance with the relevant Regulations framed under the Code, and directions issued by Reserve Bank of India to the banks from time to time and hereby specifically agree to promptly authenticate the 'financial information submitted by the Bank/Lender, as and when requested by the concerned 'IU' .

Signed on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ at \_\_\_\_\_

In case of a Individual Guarantor \_\_\_\_\_

For Individual (Name of Guarantor) \_\_\_\_\_ Date: \_\_\_\_\_ Place \_\_\_\_\_

In case of Company The Common Seal of \_\_\_\_\_ Ltd., the abovementioned Guarantor has been affixed hereunto pursuant to the Resolution of the Board of Directors dated \_\_\_\_\_ in the presence of Mr./Ms. \_\_\_\_\_ and Mr./Ms. \_\_\_\_\_ the Director/s and or the \_\_\_\_\_, who have in token thereof, subscribed their signature hereto.

In case of Partnership Firm \_\_\_\_\_

For \_\_\_\_\_ (Name of the Partnership Firm) (Partners)

In case of Proprietor Concern \_\_\_\_\_

For \_\_\_\_\_ (Name of the Proprietor Concern), the above mentioned Guarantor (Proprietor)

In case of HUF \_\_\_\_\_ as the Karta of the (HUF)

The above mentioned Guarantor (Karta)

Acknowledged by within named AU Small Finance Bank Limited By the hand of its Authorized Signatory/ Constituted Attorney

### Schedule

1. Name and constitution of the Guarantor \_\_\_\_\_
2. Address of the Guarantor \_\_\_\_\_
3. Amount of the Facility \_\_\_\_\_
4. Name of the Borrower \_\_\_\_\_
5. Date of Facility Agreement \_\_\_\_\_



**DEED OF UNDERTAKING CUM INDEMNITY**

This Deed of Undertaking cum Indemnity (hereinafter referred to as this "Deed") is executed on this day of \_\_\_\_\_, 20 \_\_\_\_\_ at \_\_\_\_\_

BY

\_\_\_\_\_ LIMITED, a company within the meaning of the [Companies Act, 1956/ Companies Act, 2013] and having its Registered Office at \_\_\_\_\_.

OR

Mr. / Ms. \_\_\_\_\_, age \_\_\_\_\_ yrs., son / wife / daughter of \_\_\_\_\_, residing at \_\_\_\_\_; Mr. / Ms. \_\_\_\_\_, age \_\_\_\_\_ yrs., son / wife / daughter of \_\_\_\_\_, residing at \_\_\_\_\_, at present carrying on the business at \_\_\_\_\_ in partnership under the firm, name and style of M/s. \_\_\_\_\_, which is registered under the Indian Partnership Act, 1932, in their capacity as partners of the aforesaid firm and also in their personal capacity.

OR

Mr. / Ms. \_\_\_\_\_, age \_\_\_\_\_ yrs., son / wife / daughter of \_\_\_\_\_, residing at \_\_\_\_\_, at present carrying on the business at \_\_\_\_\_ under the firm name and style of M/s. \_\_\_\_\_, in their capacity as proprietor / proprietress of the aforesaid firm and also in his / her personal capacity.

OR

Mr. / Ms. \_\_\_\_\_, age \_\_\_\_\_ yrs., son / wife / daughter of \_\_\_\_\_, residing at \_\_\_\_\_, Mr. / Ms. \_\_\_\_\_, age \_\_\_\_\_ yrs., son / wife / daughter of \_\_\_\_\_, residing at \_\_\_\_\_.

OR

Mr. / Ms. \_\_\_\_\_, age \_\_\_\_\_ yrs., son / wife / daughter of \_\_\_\_\_, residing at \_\_\_\_\_, Mr. / Ms. \_\_\_\_\_, age \_\_\_\_\_ yrs., son / wife / daughter of \_\_\_\_\_, residing at \_\_\_\_\_ / \_\_\_\_\_ Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at \_\_\_\_\_, in their / its capacity as trustees for \_\_\_\_\_ trust, registered under the \_\_\_\_\_ Trust Act, \_\_\_\_\_ and having its principal office of business at \_\_\_\_\_ . \_\_\_\_\_, a society registered under the \_\_\_\_\_ Co-operative Societies Act, \_\_\_\_\_ and having its Registered Office at \_\_\_\_\_.

(hereinafter referred to as the "Borrower", which expression shall, unless repugnant to the context or meaning thereof, be deemed to include its successors and permitted assigns) of the First Part;

IN FAVOUR OF

**AU SMALL FINANCE BANK LIMITED**, having CIN no. L36911RJ1996PLC011381 , a small finance bank having its registered office at 19-A, Dhuleshwar Garden, Ajmer road, Jaipur - 302001, Rajasthan, hereinafter called as the "Bank" (which expression shall unless it be repugnant to the context or meaning thereof shall mean and include its successors and assigns) of the Second Part.

WHEREAS

1. This is in reference to the Bank's Sanction Letter Ref. No. \_\_\_\_\_ dated \_\_\_\_\_ (hereinafter referred to as the "Sanction Letter"), the Lender has sanctioned/ agreed to sanction to \_\_\_\_\_, \_\_\_\_\_ having its registered/ \_\_\_\_\_ communication \_\_\_\_\_ office on the terms and conditions Contained in the said Sanction Letter the credit facility of Rs. \_\_\_\_\_
2. In consideration of the bank granting the above said Facility to the Borrower, the Borrower has agreed to provide an unconditional and irrevocable undertaking-cum-indemnity being these presents as below to the Bank.

NOW, THEREFORE, for the consideration aforesaid, the Borrower hereby agrees as follows:

The Borrower hereby irrevocably agrees and undertakes that:

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The Borrower shall indemnify the Bank from and against any and all loss, damage or other consequences which may arise or result from giving the Facility to the Borrower thereunder or acting upon the aforesaid representations and undertaking or any other representations or undertaking made by the Borrower and shall pay to the Bank upon demand for any payment, loss and damage which the Bank may make, suffer or sustain by reason or on account thereof and shall upon request appear and defend at the Borrower's own cost and expense any action which may be brought against the Bank in connection therewith.

The Borrower further, hereby undertake, agree and confirm there is no litigation pending as on date with regard to the Title Documents and the said immovable property. if any provided as collateral security i further declare that there is no charge / encumbrance or litigation of any nature whatsoever on the said immovable property and the same is not subject to any litigation, nor been the subject matter of any court or attachment or adverse interest whatsoever as on date.

The Borrower further agrees that breach of any terms of this deed shall constitute an event of default as defined in the Sanction Letter and on happening of any such event, the Borrower agrees and undertakes to forthwith pay to the Bank all the amounts outstanding in respect of the Facility together with interest, costs, charges and expenses thereto.

The Borrower agrees that the terms of this Deed may be enforced against it by specific performance and that damages may not be an adequate remedy for the breach of any of the provisions of this Deed.

This Deed shall be governed and construed in accordance with the laws of India

IN WITNESS WHEREOF the Borrower has hereby executed the said deed on the day and year first hereinabove written



In case of a Individual Borrower  
For Individual (Name of Borrower)

Date: \_\_\_\_\_  
Place: \_\_\_\_\_

**In case of Partnership Firm**

For \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(Partners) \_\_\_\_\_ (Name of the Partnership Firm)

**In case of Proprietorship Concern**

For \_\_\_\_\_ (Name of the Proprietorship  
Concern).  
the above mentioned Borrower  
(Proprietor)

**In case of HUF**

\_\_\_\_\_ as the Karta of the (HUF)  
The above mentioned Borrower (Karta)

In case of society

SIGNED AND DELIVERED by Within Name Borrower M/S \_\_\_\_\_

\_\_\_\_\_

through the hands of its duly authorized signatory Mr. \_\_\_\_\_

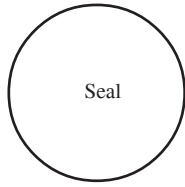
\_\_\_\_\_ (Designation) in the presence of  
Mr. \_\_\_\_\_

SIGNED AND DELIVERED by Within Name Co-Borrower M/S \_\_\_\_\_

\_\_\_\_\_

through the hands of its duly authorized signatory Mr. \_\_\_\_\_

\_\_\_\_\_ (Designation) in the presence of  
Mr. \_\_\_\_\_

<p>The Common Seal of [ _____ ] has been affixed hereunto pursuant to the Resolution of the Board of Directors/Shareholders dated [ _____ ] day of [ _____ ], [ _____ ] in the presence of:</p> <ol style="list-style-type: none"><li>1. _____ )</li><li>2. _____ )</li><li>3. _____ )</li><li>4. _____ )</li><li>5. _____ )</li></ol> <p>the Director/s and /or the [ _____ ] who have in token thereof, subscribed their Signature hereto. )</p>		
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Signed and Delivered by the within named AU Small Finance Bank Limited By  
the hand of its Authorized Signatory/ Constituted Attorney



**ACKNOWLEDGMENT LETTER**

Please find below the details of cheques submitted to AU Small Finance Bank Limited ("the Lender") in consideration of the loan/facility of Rs ..... ("Facility") granted to the ..... ("Borrower").

Type of Cheque	Cheque No	Bank Name
Post Dated cheque ("PDC")		
Security PDC ( SPDC)		
Insurance Premium Cheques		

The Bank confirms that the physical cheques were cross tallied with the above schedule and found correct. We request you to carefully read the information/terms of our acceptance stated herein below and as a token of your consent, kindly sign the duplicate copy of this letter and return the same to us.

Bank Officer.

I/we hereby confirm that I/we have handed over \_\_\_\_\_ no. of cheques ("PDCs") with detailed as above towards the repayment of EMI/as a security for the Facility availed from the Lender or towards payment of insurance premium as specified above and that all cheques were drawn in favor of "AU Small Finance Bank Limited" and also recorded my/our name on the reverse side of all the cheques. I/we hereby unconditionally and irrevocably authorize and confirm the authority of the Lender as per the provisions of Negotiable Instruments Act ("the act") to fill in the date and the amount on the said cheques and to complete the cheque in all respect and to present the same for the payment. I/we shall ensure that the said cheques are honoured on presentation for payment. I/we agree and acknowledge that I/we have issued the PDCs voluntarily in discharge of legal debt owed to the Lender by the Borrower. I/we agree, acknowledge and confirm that the PDCs are intended to be used by Lender to recover the legal debts due from the Borrower to the Lender under various disbursements made by the Lender and hereby unconditionally and irrevocably authorizes the Lender to use the PDCs for repayment of the Facility. I/we hereby confirms that I am/we are aware of the fact that any dishonor of any PDCs so issued by me/us and presented by the Lender for payment would constitute an offence under provisions of The Negotiable Instrument Act, 1881 and the Lender may take such action against me/us as may be advised. Prior to the PDCs issued by me being exhausted, I/we shall issue fresh PDCs to the Lender, and such instruments would be governed by the provisions of this letter. I/we shall not to take any steps, which in any way, affect or are likely to affect the payment thereunder to the Lender including, without limitation, any stop payment instructions. In the event that there is any change in the authorised signatories for its relevant bank account(s), I/we shall either give unconditional and irrevocable instructions to the bank on whom the PDCs have been drawn to clear and honour all such PDCs (details of which shall be provided to the Lender) bearing the signatures of the authorised signatories before the change or, in the alternative, I/we shall issue fresh PDCs to the Lender or submit fresh PDCs duly signed by new authorized signatory as the case may be. While all necessary steps would be taken by the Lender to ensure safe holding of the PDCs and having the same picked up, processed and cleared through agents, courier agencies, correspondent bank(s), the same will be entirely at the my/our risk and cost. In the event any PDCs issued as above by me/us is lost in transit or misplaced or for any reason, I/we agree to give replacement cheque(s) to the Lender immediately upon receipt of a written request from the Lender in this regard. If I/we cancel the PDCs given to the Lender or close the relevant bank account(s) or change the authorized signatory for the relevant bank account(s) or attempts to cancel the PDCs without the prior written consent of the Lender, such acts shall be deemed to have been committed with a criminal intent to cause wrongful loss to the Lender and would be construed as an Event of Default and the Lender shall be entitled to initiate appropriate legal proceedings including criminal proceedings against me/us and the Borrower, without prejudice to the Lender's other rights and remedies under applicable Law(s).

Dated at ..... this ..... day of ..... 20 .....

X----- (Account Holder)



**DEMAND PROMISSORY NOTE**

Place: \_\_\_\_\_

Date: \_\_\_\_\_

**AU SMALL FINANCE BANK LIMITED**  
**19-A, Dhuleshwar Garden,**  
**Ajmer Road,**  
**Jaipur - 302001**

Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ Only)

ON DEMAND I/WE the undersigned, M/s, Mr./Mrs. \_\_\_\_\_ [Name of the Borrowing entity] promise to pay AU Small Finance Bank Limited or its assigns, a sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) for value received together with interest at the rate of \_\_\_\_\_ % per annum. The entire unpaid principal and any accrued interest shall be fully and immediately payable UPON DEMAND of any holder hereof.

Where there is more than one signatory, the liability of each signatory is joint and several with others.

Affix  
Revenue  
stamp of  
Re. 1

Affix  
Revenue  
stamp of  
Re. 1

Borrower \_\_\_\_\_

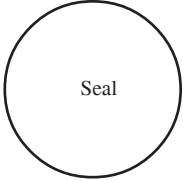
Co-Borrower \_\_\_\_\_

Please sign across the revenue stamp

In case of a Individual Borrower

For Individual (Name of Borrower)

In case of Company

The Common Seal of [_____] has been affixed hereunto pursuant to the Resolution of the Board of Directors/Shareholders dated [_____] day of [_____] in the presence of: 1. _____ 2. _____ 3. _____ 4. _____ 5. _____ the Director/s and /or the [_____] who have in token thereof, subscribed their Signature hereto.	) ) ) ) ) ) ) ) ) )	
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**In case of Partnership Firm**

For \_\_\_\_\_  
\_\_\_\_\_  
(Name of the Partnership Firm)

For Borrower \_\_\_\_\_

For Co Borrower \_\_\_\_\_

(Signature in individual capacity as also as Partners of M/S \_\_\_\_\_)

**In case of Proprietorship Concern**

For. \_\_\_\_\_ (Name of the Proprietorship Concern).  
the above mentioned Borrower

For Borrower \_\_\_\_\_

For Co Borrower \_\_\_\_\_

(Proprietor)

**In case of society**

SIGNED AND DELIVERED by Within Name Borrower M/S \_\_\_\_\_-through the hands of  
its duly authorized signatory Mr. \_\_\_\_\_ (Designation) in the presence of Mr. \_\_\_\_\_

SIGNED AND DELIVERED by Within Name Co-Borrower M/S \_\_\_\_\_-through the hands of its duly  
authorized signatory Mr. \_\_\_\_\_ (Designation) in the presence of Mr. \_\_\_\_\_

**In case of HUF**

as the Karta of the (HUF)

\_\_\_\_\_  
The above mentioned Borrower (Karta)

**LETTER OF CONTINUITY FOR DEMAND PROMISSORY NOTE**

Place: \_\_\_\_\_

Date: \_\_\_\_\_

**AU SMALL FINANCE BANK LIMITED**  
**19-A, Dhuleshwar Garden,**  
**Ajmer Road,**  
**Jaipur - 302001**

Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ Only)

Dear Sir/Madam

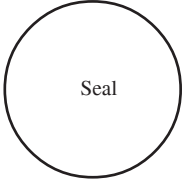
I/We refer to the demand promissory note dated \_\_\_\_\_ ("**Demand Promissory Note**") for Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) along with interest and any other amounts payable ("**Facility**") in accordance with the Loan / Credit Facility Agreement dated \_\_\_\_\_ ("**Loan / Credit Facility Agreement** ") executed by and between AU Small Finance Bank Limited and \_\_\_\_\_, which is duly signed and delivered by me/us to you, as security for the repayment of amounts due under the Loan / Credit Facility Agreement, at present outstanding. We hereby irrevocably and unconditionally agree, confirm and undertake that:

- a) the Demand Promissory Note shall operate as a continuing security enforceable to you to be for repayment of the outstanding Facility; and
- b) we shall remain liable under the Loan / Credit Facility Agreement and the Demand Promissory Note to the extent of the outstanding Facility notwithstanding any payment to the account of AU Small Finance Bank Limited, from time to time, until the repayment of entire amount of the Facility.

**In case of a Individual Borrower**

For Individual (Name of Borrower)

(Name of CoBorrower)

The Common Seal of [_____] has been affixed hereunto pursuant to the Resolution of the Board of Directors/Shareholders dated [_____] day of [_____] in the presence of: 1. _____ 2. _____ 3. _____ 4. _____ 5. _____ the Director/s and /or the [_____] who have in token thereof, subscribed their Signature hereto.	) ) ) ) ) ) ) ) ) ) )	
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**In case of Partnership Firm**

For \_\_\_\_\_  
\_\_\_\_\_  
(Name of the Partnership Firm)

For Borrower \_\_\_\_\_

For Co Borrower \_\_\_\_\_

(Signature in individual capacity as also as Partners of M/S \_\_\_\_\_)

**In case of Proprietorship Concern**

For. \_\_\_\_\_  
\_\_\_\_\_  
(Name of the Proprietorship Concern).

the above mentioned Borrower

For Borrower \_\_\_\_\_

For Co Borrower \_\_\_\_\_

(Proprietor)

**In case of society**

SIGNED AND DELIVERED by Within Name Borrower M/S \_\_\_\_\_-through the hands of its duly authorized signatory Mr. \_\_\_\_\_(Designation) in the presence of Mr. \_\_\_\_\_

SIGNED AND DELIVERED by Within Name Co-Borrower M/S \_\_\_\_\_-through the hands of its duly authorized signatory Mr. \_\_\_\_\_(Designation) in the presence of Mr. \_\_\_\_\_

**In case of HUF**

as the Karta of the (HUF)

\_\_\_\_\_

The above mentioned Borrower (Karta)

**LETTER OF DEBIT AUTHORISATION**

To,

**AU SMALL FINANCE BANK LIMITED**  
**19-A, Dhuleshwar Garden,**  
**Ajmer Road,**  
**Jaipur - 302001**

Dear Sir/Madam

Subject: Debit Authorization

This is in reference to your Sanction Letter Ref. No. \_\_\_\_\_ dated  
\_\_\_\_\_ granting us Loan / credit facilities in the nature of  
\_\_\_\_\_ to an extent of ₹ \_\_\_\_\_

We \_\_\_\_\_ (borrower) hereby  
irrevocably authorize you to debit my/our Loan account no \_\_\_\_\_ and or SB/CA/  
CC/OD account no. \_\_\_\_\_ maintained with Au Small Finance  
Bank Limited at \_\_\_\_\_ branch towards Processing fee, Interest , Installment,  
Expenses , Other Charges, Commissions, Costs, Insurance Premium and Principal Amount as may be  
applicable in relation to the above said credit facilities as per sanctioned terms and conditions mentioned in  
above mentioned Sanction Letter.

We are aware that on the faith of this letter you have agreed to provide the said Loan / Credit Facilities to us.

Yours truly,

For \_\_\_\_\_

Authorized Signatory



**END USE LETTER**

To,  
AU Small Finance Bank Limited

Ref: Loan Application No. \_\_\_\_\_ and Loan Account No. \_\_\_\_\_ in the name  
of \_\_\_\_\_

Sub: End use of funds borrowed from AU Small Finance Bank Limited ("Bank")

Dear Sir,

I/We, \_\_\_\_\_ refer to the Application No. \_\_\_\_\_  
dated \_\_\_\_\_. I/We had availed the facility amounting  
to Rs. \_\_\_\_\_ ("Facility") vide facility agreement dated \_\_\_\_\_  
("Facility Agreement"). The Facility is utilized for below mentioned purpose:

- A. Agriculture use
- B. Allied Agriculture Activity
- C. Manufacturing
- D. Business Expansion
- E. Commercial / Taxi use
- F. Commercial Purchase Loan
- G. Home Loan
- H. Personal use
- I. Other \_\_\_\_\_ (pls. tickmark whichever is applicable)

I/We hereby represent, warrant and confirm that the aforesaid purpose is a valid purpose and is not speculative or illegal in any manner.

I/We further agree, confirm and undertake that the purpose of use of funds under the Facility shall not be changed/has not been changed in any manner during the tenor of the Facility under the Facility Agreement; or that such change in purpose shall take place only with the prior written permission of the Bank.

"I/We agree that any breach or default in complying with all or any of the aforesaid undertaking(s) will constitute an event of default under the facility agreement and/or the Lender may initiate any prompt action as may be necessary at its sole discretion including and not limited to recall of the facility."

I/We agree that any breach or default in complying with all any of the aforesaid undertaking(s) will constitute an event of default under the Facility Agreement.

Dated: \_\_\_\_\_(6)

(Signature of Borrower)

Place:

(Name of Borrower) \_\_\_\_\_



**Key Fact Statement**  
**Agri Business-Agri Infra/Agri Project/Agri Enterprises**

Bank Copy

1	Loan amount (MN)	
2	Loan Term (Years)	
3	Interest type (Fixed/Floating)	
4	Interest Chargeable (a) (In case of Floating Rate Loans) (b) (In case of Fixed Rate Loans)	(a) AU EBR/MCLR-1Y + _____ % (b) AU EBR/MCLR-1Y + _____ %
5	Date of reset of Interest	Date of change in base rate or review of the account
6	Mode of communication of changes in interest rates	AU Bank Website and prior notice of 7 days by registered post to the last known address of the Borrower
7	Fee Payable a) On Application  b) During the term of the loan  c) On foreclosure  d) Fee refundable if loan not sanctioned / disbursed e) Conversion charges for switching from floating to fixed interest and vice-versa f) Penalty for delayed payments	_____% on initial sanction at the time of disbursement  % of the sanction limit at the time of review of the account or after completion of 1 year of the account  5% of Principal Outstanding, if paid before 12 Months 3% of Principal Outstanding balance, if paid after 12 Months  Non-refundable  1% of Outstanding Principal  0 for loans upto Rs. 25,000. Above Rs. 25,000/- penal interest shall be charged at a rate upto 3% p.m. over the applicable rate
8	EMI payable	_____
9	Details of security / collateral obtained	_____
10	Date on which annual outstanding balance statement will be issued	On customer request

Applicant Sign \_\_\_\_\_

Co applicant 1 Sign \_\_\_\_\_

Co applicant 2 Sign \_\_\_\_\_





**Key Fact Statement**  
**Agri Business-Agri Infra/Agri Project/Agri Enterprises**

Bank Copy

1	Loan amount (MN)	
2	Loan Term (Years)	
3	Interest type (Fixed/Floating)	
4	Interest Chargeable (a) (In case of Floating Rate Loans) (b) (In case of Fixed Rate Loans)	(a) AU EBR/MCLR-1Y + _____% (b) AU EBR/MCLR-1Y + _____%
5	Date of reset of Interest	Date of change in base rate or review of the account
6	Mode of communication of changes in interest rates	AU Bank Website and prior notice of 7 days by registered post to the last known address of the Borrower
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8	EMI payable	_____
9	Details of security / collateral obtained	_____
10	Date on which annual outstanding balance statement will be issued	On customer request

Applicant Sign \_\_\_\_\_

Co applicant 1 Sign \_\_\_\_\_

Co applicant 2 Sign \_\_\_\_\_



**TRUE COPY FORMAT**

To

**The Credit Manager**  
**AU Small Finance Bank Ltd.**  
**19-A, Dhuleshwar Garden,**  
**Ajmer Road,**  
**Jaipur - 302001**

Sub: Confirmation of true copies in case of Bulk documents

Dear Sir/Madam

I, Mr. \_\_\_\_\_ Director/ Partner/ Proprietor of \_\_\_\_\_ hereby confirm to AU Small Finance Bank Limited ("the Bank") that all the below mentioned documents furnished by me and on behalf of above said firm/company towards the process of Business loan OD/TL/Dropline Overdraft are true and valid as on the date of submission.

S. No.	Documents	Remarks, if any
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Please consider this letter as a token of the confirmation of the validity of the above documents.

In the event of there being any misrepresentation by me in relation to the above documents, I shall indemnify the Bank against all the disputes, claims (including by third party), penalties, damages, cost that may be incurred by the bank due to the Bank relying on the above documents.

Warm Regards,

Name:

Designation:

Firm/Company:

Following documents are required to be signed in original by the customer.

- KYC documents of authorized signatories and borrowers
- In case of MOA /AOA/Partnership deed, a signature on 1st & last page will suffice.
- In case of Banking, a signature on 1st & last page of every month will suffice in case of bulk banking.
- In case of Financials a signature on 1st & last page of annexures and B/s, P&L & ITR is required.

Please ensure that documents submitted are in continuity, in case of any out of order document, the same should be self-attested by the customer.

**CONSENT LETTER**

To,

Date: \_\_\_\_\_

The Manager,  
AU Small Finance Bank Ltd.  
19-A, Dhuleshwar Garden,  
Ajmer Road,  
Jaipur - 302001

Re: Consent for making payment in favour M/s \_\_\_\_\_

Dear Sir/Madam

I/We request you to kindly issue a Cheque/D.D./RTGS for ₹ \_\_\_\_\_ (in figures) or  
₹ \_\_\_\_\_ (in words) in favour of

M/s. \_\_\_\_\_ towards the loan/credit facility, as per sanction letter  
No. \_\_\_\_\_ dated \_\_\_\_\_ issued by AU Small Finance Bank Ltd.

Mode of payment:

Cheque/DD

NEFT/RTGS

CASA A/C Fund transfer

**Beneficiary Details:**

Name:

Account No:

Account type:

Name of Bank:

Name of branch:

IFSC:

Location (In case of DD/Pay order):

I/We assure you that the repayment of the Instalment/credit facility would be made by me/us on the due date of  
instalment/credit facility, i.e., on \_\_\_\_\_

Thanking You,

Yours Faithfully

Borrower \_\_\_\_\_

(\_\_\_\_\_)

Co-Borrower \_\_\_\_\_

(\_\_\_\_\_)



## DECLARATION

### For BT Cases

I/We the person(s) named in the Schedule I (S. No. 1) hereby state as follows:

1. That my/our Property as mentioned in Schedule I (S. No. 2) is mortgaged with the bank as mentioned in the Schedule I (S. No. 3) and all the original documents of the said Property are deposited in the bank as mentioned in the Schedule I (S. No. 3) against the loan/credit facility amount as mentioned in the Schedule I (S. No. 4).
2. That I/we have transferred my/our loan/credit facility amount from the bank as mentioned in the Schedule I (S. No. 3) to AU Small Finance Bank Limited ("AUSFB") and all outstanding amount deposited by the AUSFB to the bank as mentioned in the Schedule I (S. No. 3), with my own contribution (if any) in my loan/credit facility account.
3. That all the original documents of the Property deposited in the bank as mentioned in the Schedule I (S. No. 3), will release only after complete outstanding amount/facility is cleared and account is closed.
4. That I/We hereby declare and undertake as follows:

I/We hereby assure and would be personally responsible to release all original documents of the Property from the bank as mentioned in the Schedule I (S. No. 3) and deposit the same to the AUSFB, after the entire loan/credit facility outstanding is cleared.

I/We hereby assure and would be personally responsible to release the all original property documents I/We hereby undertake to handover the loan/credit facility clearance certificate/No dues certificate to the AUSFB, which shall be issued by the bank as mentioned in the Schedule I (S. No. 3) after the loan/credit facility account is closed with them.

I/We hereby undertake that if I/we fail to deposit the original documents of the Property with the AUSFB within the specified time as mentioned and/or the documents are found invalid or illegal, the AUSFB will have full right at its sole discretion to:

- (a) Recall/cancel the complete loan/credit facility amount. or
- (b) Downsize the loan/credit facility to the actual amount disbursed in favor of the bank.

I/We hereby undertake that in case the outstanding amount with the bank is more than the amount disbursed by AUSFB, I/We will make good the shortfall of the amount in order to close the account with the existing bank from my own funds.

I/We hereby undertake in the event of failure to complete the takeover process with the existing bank, I/We shall enter into a supplementary agreement, document and the like as AUSFB may deem fit for downsizing the loan/credit facility.

I/We hereby also undertake to compensate the AUSFB for any loss, damages, cost or expenses caused to the AUSFB due to non-deposit of the original documents or invalid and illegal documents. I/We will be fully responsible to bear all the loss, damages cost and expenses incurred by AUSFB in this regard.

Names and Signatures of the Deponents.

Name of Mortgagor/s \_\_\_\_\_ Signature \_\_\_\_\_

Name of Borrower/s \_\_\_\_\_ Signature \_\_\_\_\_

Date:

Place:

### SCHEDULE-I

S. No.	Particulars	Description
1.	Name and address of the Borrower and Mortgagor	
2.	Details of the Property	Area: Situated at:
3.	Name of the bank along with the branch where the property is mortgaged	
4.	Nature of Facility Amount of facility	1. TL/ OD 2. Rs. _____/- (Rupees _____ only)





**LETTER OF CONFIRMATION**

To,  
The Manager,  
AU Small Finance Bank Ltd.  
19-A, Dhuleshwar Garden,  
Ajmer Road,  
Jaipur - 302001

Dear Sir/Madam

I, \_\_\_\_\_ (Designation)  
resident of \_\_\_\_\_  
herby confirm that the loan documents and security documents executed by \_\_\_\_\_  
\_\_\_\_\_  
('the Borrower") for availing \_\_\_\_\_  
facility of Rs. \_\_\_\_\_  
have been duly executed by the authorized person of the Borrower M/s. \_\_\_\_\_  
\_\_\_\_\_

in my presence.

Thanking You,

Date

Yours Faithfully

Place

Signature



**DUAL SIGNATURE / NAME INDEMINITY**

I \_\_\_\_\_

S/o, W/o, D/o \_\_\_\_\_

R/o \_\_\_\_\_

Aged about \_\_\_\_\_ Years, do solemnly affirm that :

1. My name is \_\_\_\_\_

2. I am also known as \_\_\_\_\_

3. Both the signature i.e., \_\_\_\_\_  
and \_\_\_\_\_

4. That my signature are \_\_\_\_\_

X-----

That apart from the aforesaid names and signature I do not name and sign in any other manner.

DEPONENT

**VERIFICATION**

I, the above name deponent do hereby verify that the contents of my above affidavit are true and correct to my knowledge and belief and nothing material has been concealed there from.

Verified at \_\_\_\_\_ (Place) on this \_\_\_\_\_ day  
of \_\_\_\_\_

DEPONENT

X-----

X-----

X-----



**IN CASE OF PARTENRSHIP FIRM**

Date : .....

To,  
The Manager,  
AU Small Finance Bank Ltd.  
19-A, Dhuleshwar Garden,  
Ajmer Road, Jaipur - 302001

**Subject : Letter of Authority for loan facility.**

Dear Sir

X-----

This is to inform your that, we the below mentioned partners of M/s. \_\_\_\_\_ (name of the firm), located at \_\_\_\_\_ (address) hereby agree to borrow on behalf of and in the name of the firm an amount of Rs. \_\_\_\_\_ (Rupees) \_\_\_\_\_ only) as loan/credit facility from AU Small Finance Bank Limited.

We hereby authorize Mr. \_\_\_\_\_ (Partner) and in his absence Mr. \_\_\_\_\_ (Partner) to execute all documents including the loan/credit facility agreement as may be required in connection with the loan/credit facility. This delegation of authority shall be valid and effective till otherwise communicated in writing.

Name of the Partner	Signature
1. _____	_____
2. _____	_____

Thanking you,  
Your faithfully,  
For M/s .....

X-----

Name of the Partner	Signature within rubber stamp
1.	_____
2.	_____
3.	_____
4.	_____
5.	_____

X-----

X-----



**SIGNATURE VERIFICATION LETTER**

This is to certify that \_\_\_\_\_ (Name of the Organization) with his/its office at \_\_\_\_\_ (Address of the Organization) is maintaining a \_\_\_\_\_ (Current/Saving) bank account (A/c. No. \_\_\_\_\_) with our Bank \_\_\_\_\_ (Bank Name), and operating that account in the normal course of its business / activities. Mr./Ms./Mrs./M/S \_\_\_\_\_ is the authorised signatory for the operation of the account. His/hers signature as appearing below is duly attested (as per the records available with the bank.)

X-----

(Signature of the Authorised Signatory)

(Signature of the Branch Manager)

Name : \_\_\_\_\_

Name : \_\_\_\_\_

Designation : \_\_\_\_\_

Designation : \_\_\_\_\_

Date : \_\_\_\_\_

(Bank Seal)

X-----

X-----

X-----





## LOAN AGREEMENT

**CIN No. L36911RJ1996PLC011381**

**THIS LOAN AGREEMENT ("Agreement")** is made on this [ \_\_\_\_\_ ] day of [ \_\_\_\_\_ ] by the persons specified in Schedule 1 as Borrower & Co-Borrower collectively referred to as the "Borrower"

The expression 'Borrower', unless it be repugnant to the context or meaning thereof, shall mean and include: (i) in the event that the Borrower is a Company within the meaning of the Companies Act, 2013 or a Limited Liability Partnership, incorporated under the Limited Liability Partnership Act, 2008, its successors; (ii) in the event that the Borrower is a partnership firm for the purposes of the Indian Partnership Act, 1932, the partners for the time being and from time to time and their respective legal heirs, executors and administrators, legal representatives and successors; (iii) in the event that the Borrower is a sole proprietorship, the sole proprietor and his/ her legal heirs, administrators, executors and legal representatives; (iv) in the event that the Borrower is an individual, his/her legal heirs, administrators and executors; (v) in the event that the Borrower is a joint Hindu Undivided Family, the Karta and any or each of the adult members of the HUF and their survivor(s) and his/her/their respective heirs, executors, administrators; (vi) in the event that the Borrower is a society, the members of the governing body of the Society and any new members elected, appointed or co-opted thereon; (vii) in the event that the Borrower is a Trust, the Trustee or Trustees for the time being thereof and their respective legal heirs, executors, administrators and successors; of the First Part

### AND

**AU SMALL FINANCE BANK LIMITED**, having CIN no. L36911RJ1996PLC011381, a small finance bank having its registered office at 19-a, Dhuleshwar Garden, Ajmer Road, Jaipur - 302001, Rajasthan, hereinafter called as the "**Bank**" (which expression shall unless it be repugnant to the context or meaning thereof shall mean and include its successors and assigns) of the Second Part.

The Borrower and the Bank are hereinafter referred to as the "**Parties**" and individually as a "**Party**".

Whereas at the request of the Borrower, the Bank has agreed to grant a loan of the amount specified in schedule 1 to the Borrower on the terms and conditions as mentioned in the Bank's sanction letter (also as mentioned in schedule 1) duly accepted by the Borrower (hereinafter referred to as "Sanction Letter" (including mutually accepted amendments in writing) and as mentioned herein.

### WHEREAS

- A. The Borrower agrees to borrow from the Bank and the Bank agrees to lend to the Borrower a Loan of INR \_\_\_\_\_/- Indian Rupees \_\_\_\_\_ only ("Loan") and in consideration of the Bank having agreed to grant the Loan, the Borrower irrevocably agrees and undertakes and confirms to the Bank as follows:
1. The Borrower agrees to pay interest, commitment fee, increased cost and additional interest payable on the loan as follows:  
The interest rate applicable will be as specified in the Schedule 1 plus interest tax, as may be applicable rate prevailing from time to time, payable with monthly rests, or such other rate as may be stipulated by the Bank and advised to the Borrower. The interest rate payable by the Borrower will be subject to the changes in the interest rate made by Reserve Bank of India. The Borrower shall pay the interest rate on the last day of the every month (date) until the Loan is repaid. If the interest remains due on the date, then the interest shall compound monthly. The interest shall be calculated on the basis of 365 day year and the actual days elapsed.  
MCLR shall mean the "marginal cost of funds based lending rate" of the Bank as determined (and revised) in accordance with the guidelines issued by RBI in this regard and corresponding internal policies of the Bank, as reset from time to time and notified by the Bank as its marginal cost of fund based lending rate.  
The Bank shall be entitled to reset the Margin as specified in the Schedule on the interest reset date and MCLR/External Bench Mark Rate (EBR) at such frequency as the Bank deems fit. Bank shall also have right to reset the Margin consequent to any change in MCLR/EBR and will also have the right to reset the MCLR/EBR if RBI revises the standard provisioning requirement of banking asset or RBI enhancing the risk weightage norms for banking asset or RBI changing the norms for classification of banking assets or downward revision in the credit rating of the Borrower or the security provider or occurrence of event of default or potential event of default or bank's internal review or RBI changing the policy of computation of MCLR/EBR.  
Upon reset of MCLR/EBR/Margin, the Bank shall notify the Borrower of the revised interest rate and the Borrower shall pay the revised interest rate from the reset date on the Loan amount.
  2. Borrower shall ensure that adequate credit balances are maintained in their account with the Bank at all times to ensure payments of dues pursuant to the Facilities by each due date, as may be applicable.
  3. The interest rate as above shall be reset every quarter/half year/annually or at such frequency as the Bank deems fit.
  4. The interest rate is subject to variation in consonance with RBI directions, statutory and regulatory requirements, conditions of money market, availability of loanable funds etc.
  5. The Borrower shall also pay to the Bank a commitment fee as specified in Sanction Letter. The Loan/Facility (or any part thereof) may be disbursed by the Lender/Bank upon receiving a drawdown request from the Borrower. The entire Loan/Facility should be availed of within the number of months, from the date of loan sanction, as specified in the Schedule (Availability Period). The Borrower's right to make draws shall expire at the end of the Availability Period ("Drawdown End Date"). However, the Loan/Facility Sanction may be kept open at the sole discretion of the Lender/Bank for an additional period of such number of days beyond the Availability Period

as the Bank/Lender may deem fit. If the Loan/Facility is not drawn completely by the Borrower within the Availability Period, then the Bank shall be entitled to impose penalty, if any, as mentioned in the Sanction Letter. The mode and manner of Disbursement is left to the sole discretion of the Lender/Bank.

6. The Borrower agrees to pay to the Bank the amount of any increased cost incurred by the Bank or any of its affiliates as a result of
  - i. The introduction of, or any change in, or any change in the interpretation, administration or application of, any law or regulation; or
  - ii. Compliance with any law or regulation made effective after the date of the Sanction Letter.Provided that the Borrower shall not be liable for payment of increased cost if:
  - i. The increased cost is compensated for under another clause in this agreement or would have been but for an exception to that clause.
  - ii. Increased cost is attributable to the Bank or its affiliates willfully failing to comply with any law or regulation.  
"Increased Cost" in this agreement shall mean (a) an additional or increased cost (b) a reduction in the rate of return from the Loan or on the Bank's (or its affiliate's) overall capital (including, without limitation, as a result of any reduction in the rate of return on the capital brought about by more capital being required to be allocated by the Bank or one of its affiliates or (c) a reduction of amount due and payable under this agreement.
7. Any default by the Borrower in payment for dues or of any of the terms and conditions herein would entail a default interest charge as specified in schedule 1 on the outstanding loan, leviable from the date of the default without prejudice to the Bank's other rights available as per this agreement and on default/ failure of the Borrower to pay the same. Borrower shall not treat payment of additional interest as waiver of Banks' rights in pursuance of Event of Default. The Borrower shall amortize Facility, if not demanded earlier by Lender as stipulated in and in accordance with and subject to the terms & condition of the repayment schedule hereto To overcome operational issues ,holidays etc, It is advised to keep sufficient balance in bank accounts 2-3 days prior to due date of EMI ,for clearance of EMI on due dates, to avoid penal Interest and other charges and avoid delinquency status.
8. The Borrower commits to secure the Loan Amount together with all costs, charges, interest, liquidated damages and expenses and all other moneys whatsoever due and payable by the Borrower to the Bank ("the said Dues" ), by creating the securities in favor of the Bank in the form as specified in schedule (Deed of Hypothecation/FD/Equitable Mortgage (retain whichever applicable)) in respect of the said security.
9. The principal along with interest of the Loan shall, be repaid in the manner specified in schedule 1. Provided that the Bank will be entitled to demand immediate repayment of the Loan Amount if any installment of interest/Loan installments remains unpaid on the due date for payment thereof.
10. The Borrower hereby warrants, assures, represents and confirms that (a) the Borrower, if it is a company, is duly incorporated and validly existing under the law of their jurisdiction of incorporation affecting its business and operations. (b)all the information provided by the Borrower to the Bank is true and accurate in all respects, are not misleading and does not omit any material fact, the omission of which would make any fact or statement therein misleading (c) all the licenses, permits and authorizations required for carrying on its business or industry have been obtained and are in full force and effect (d) the Borrower is in compliance in all respects with all applicable laws, including environmental laws, and regulations affecting its assets, its business and operations and has good title to or valid leases or licenses of, or is otherwise entitled to use its assets (e) the Borrower has the power to avail of the Loan from the Bank and the total borrowings including the Loan are within the prescribed limits, if any (f) the Borrower has the power and authority to execute, deliver and perform the terms and provisions of this Agreement and has taken all the necessary action required to authorize the execution, deliver and performance of this Agreement and upon execution, this Agreement will constitute legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms (g) the entry into, delivery and performance by the Borrower of, and the transactions contemplated by this Agreement do not and will not conflict with any applicable law, with the constitutional documents, if any, of the Borrower; or with any agreement or instrument which is binding upon the Borrower or on any of its assets (h) no default is subsisting or might result from the execution of, or the availing of the Loan under this Agreement by the Borrower (i) the most recent audited accounts of the Borrower have been duly audited and prepared in accordance with applicable accounting principles and practices and represent a true and fair view of its financial condition and there has been no material adverse effect since the date on which those accounts were drawn up (j) all taxes and compliance reports have been filed in time and no claims are pending thereof (k) the Loan is not being availed for any activities relating to producing or consuming Ozone Depleting Substances, in terms of montreal protocol tow which Government of India is a party (l) none of the Borrower and its promotors, directors and partners, affiliates, subsidiaries or associate companies or group companies are in default or been included in any list of defaulters or have committed breach of any agreement with any person who has provided loan or deposits or advances or guarantees or other financial facilities to the Borrower or any regulatory or statutory authority (m) there are no legal or other adverse proceedings of any nature pending against the Borrower or its promoter, directors, partners in management of the Borrower or any of its assets which have a Material Adverse Effect (n) the properties mortgaged are mortgaged by its legal owners and there are no encumbrances over the same save and except as permitted by the Bank and the Borrower shall not hereafter encumber the Assets without the permission of the Bank and that the Borrower has a clear and marketable title/ clear and transferable interest over the above property and further assure the Bank that the same is free from any prior charge, lien or encumbrance (m) the purpose and the business of the Borrower is legally and regulatory valid (n) no notice has been served with respect to winding up, receivership ,custodian for the Borrower or any of its

assets or that the Borrower be placed in bankruptcy; the passing of a resolution for the winding up of the Borrower or any proposal or apprehension for passing such resolution; a scheme of arrangement, amalgamation or reconstruction or composition with creditors of the borrower or taking of any action to seize, attach, take possession of or appoint a custodian receiver, liquidator or manager in respect of the Borrower or any asset of the Borrower (o) the Borrower has not committed any breach under any agreement entered into with any person for availing any finance facility. (p) Borrower to ensure that all interest/ fees/charges debited to the Borrower's account is cleared on their respective due date.

11. Where the Borrower is an individual, he/she is not a director or specified near relation of a director of a banking company; where the Borrower is a partnership firm/HUF none of the partners or members of the HUF is a director or specified near relation of a director of a banking company; where the Borrower is a joint stock company none of its directors, is a director or specified near relation of a director of a banking company.
12. Where the Borrower is an individual, that he/she is not a specified near relation to any senior officer of the bank; where the Borrower is a partnership firm/ HUF, none of the partners or members of the HUF, is a specified near relation of any senior officer of the bank; where the Borrower is a joint stock company, none of its directors, is a specified near relation of any senior officer of the bank.
13. None of its subsidiaries or associate companies or group companies have been identified or classified as a defaulter.
14. The Borrower will execute necessary promissory note and such further documents, forms and papers as the Bank may in its discretion from time to time require.

Each of the above representations will remain correct and complied with so long as the Loan and/or any sum thereunder remain outstanding.

15. Borrower shall at all times during the currency of the Loan, at its own cost, keep the said property constituting the Bank's security fully insured against such risks and for such amounts and for such period and forms as the Bank may require, in the joint names of the Bank and the Borrower or with the usual Bank mortgage clause, with any insurance company and shall deposit the insurance policies and all cover notes premia receipts etc., with the Bank against the Loan so given to him/her/it by the Bank. The Borrower agrees that in addition to the aforesaid insurance it shall arrange for insurance cover in respect of standing charges and loss or profit in business in the event of any stoppage of production for any reason whatsoever. The Borrower shall make punctual payment of all premia and shall not do or suffer to be done any act which may invalidate such insurances and will on receipt of any moneys under the said policies, pay the same to the Bank which shall, at the option of the Bank, be applied either in reinstating or replacing the security or in repayment of the said Dues. If the Borrower shall fail to insure or keep insured all/any of the said the property/assets as aforesaid, then the Bank shall without prejudice to or affecting its rights hereunder, be at liberty (but not bound) to insure and keep the same insured and the Borrower shall on demand repay to the Bank all amounts spent or incurred by the Bank in doing so, with interest @ applicable for the Loan as aforesaid.
16. The Borrower shall allow the representatives and/or nominees of the Bank to visit and inspect from time to time the project for which the Loan is sought or the Borrower's premises, factories and other property/ assets books of accounts and all other relevant accounts, documents and records. The costs and expenses of such visits and/or inspections shall be paid and borne by the Borrower.
17. If at any time the value of the securities deteriorate in order to create a deficiency in the margin requirement specified by the Bank from time to time, if any, the Borrower shall within seven days of notice from the Bank, deposit with the Bank additional security in the form of cash or such other securities which may be acceptable to the Bank, failing which the Bank may at its discretion sell or otherwise dispose off any or all of the said securities without being liable for any loss or damage or diminution in value sustained thereby.
18. The Borrower hereby agrees, undertakes and confirms that it shall deliver to the Bank post-dated cheques more particularly described in Schedule 1 towards the payment of the outstanding Obligations along with the Interest with the Bank named as the payee therein ("PDCs").
19. The Borrower further covenants as under:
  - i. to furnish to the Bank all such information, statements, particulars, estimates and reports etc. as the Bank may require from time to time in order to comply with the terms of the Loan.
  - ii. shall also submit to the Bank, in form and detail satisfactory to the Bank, unaudited half yearly income statements of the Borrower within 60 (sixty) days of the close of each semi-annual period and copies of audited financial statements including balance-sheet and profit and loss account (in detail and not in the abridged form) within 180 (one hundred eighty) days after the close of each financial year ;
  - iii. not to enter into any scheme of merger, amalgamation, compromise or reconstruction without the prior written consent of the Bank;
  - iv. not to permit any change in the ownership or control of the Borrower whereby the effective beneficial ownership or control of the Borrower shall change, without the prior written consent of the Bank;
  - v. not to effect any material change in the management of the business of the Borrower, without any prior written consent of the Bank;
  - vi. not to make any amendments in the Borrower's Memorandum and Articles without the prior written consent of the Bank;
  - vii. not to create, assume or incur any further indebtedness of a long term nature whether for borrowed money or otherwise,

- except with the prior written consent of the Bank;
- viii. not to declare any dividend if any installment towards principal or interest remains unpaid on its due date.
  - ix. not to induct a person who is a director on the Board of a company which has been identified as a willful defaulter and that in case, such a person is found to be on the Board of the Borrower, Borrower would take expeditious and effective steps for removal of the person from the board of directors.
  - x. the proceeds of the facilities are not to be utilized by the borrower for investments in shares, debentures, advances and inter-corporate loans/ deposits to other companies (including subsidiary and other group companies).
  - xi. the Borrower expressly recognizes and accepts that the Bank upon granting the Facilities, shall be absolutely entitled to, and shall have full power and authority to sell, assign or otherwise transfer in any manner whatsoever, in whole or in part, and in such manner and on such terms as the Bank may decide (including if deemed appropriate by the Bank reserving a right to the Bank to retain its power to proceed against the borrower on behalf of the purchaser, assignee or transferee) any or all out standings and dues of the borrower, to any third party of the Bank's choice without any further reference or intimation or notice to the Borrower, and without seeking any consent of the Borrower. Any such action and any such sale, assignment or transfer shall bind the Borrower to accept such third party as creditor exclusively or as a joint creditor with the Bank or any other person, as the case may be. Any costs in this behalf, whether on account of such sale, assignment or transfer or enforcement of rights and recovery of outstandings and dues, shall be to the account of the Borrower.
  - xii. The Borrower shall bear all costs of making good any deficit in stamp duty on the documents executed by the Borrower in relation to the Facilities and/or security created by the Borrower in favour of Bank.
  - xiii. Borrower shall allow the Bank to audit and inspect its books and records and the premises mortgaged and goods hypothecated to the Bank.
20. The Borrower shall furnish upon demand any other security in such form and value as may be required by the Bank from time to time in amounts and values sufficient at all time in the opinion of Bank to secure the payment of the Loan provided here and any other obligations of the Borrower to the Bank.
  21. The Borrower confirms that the Borrower shall utilise the said Loan only for the purposes of its Business as set forth in its application for loan.
  22. In the event the Borrower fails to pay when due any sum which it may owe to the Bank and the Bank shall commence legal proceedings to recover such sum, the Borrower will further pay the Bank all cost and expenses, including legal fees, incurred or paid by the Bank in exercising any right, power or remedy conferred by this Agreement.
  23. The Borrower agrees that any accretion to the said securities (if any) and other benefits from time to time accruing in respect of the said securities or any part thereof shall also be pledged / mortgaged with the Bank by the Borrower.
  24. The Borrower shall not without the prior written consent of the Bank transfer or create/ allow to be created in any manner any charge, lien, hypothecation, mortgage, pledge or other encumbrance whatsoever on any of the properties.
  25. The rights, remedies and powers given to the Bank by this Agreement shall be in addition to all rights powers and remedies given to the Bank by virtue of any other security, statute, or rule of law. The Bank may exercise a banker's lien or right of set-off with or without notice with respect to any obligation of the Borrower to the Bank in the same manner as if the obligation were unsecured and shall have a lien on all monies, property or securities of the undersigned in the Bank's possession or custody whether for safe-keeping or otherwise. In case of any deficit, the deficit amount can be recovered from the Borrower.
  26. The occurrence of any one or more of the following events shall constitute an event of default. On the question whether any of the above events/circumstances has occurred/happened, the decision of the Bank shall be final, conclusive and binding on the Borrower:
    - (i) The Borrower defaults in payment of principal or interest of any obligation of the Borrower to the Bank when it is due and payable.
    - (ii) The security tendered to the Bank or the charges created thereon in Bank's favor shall become wholly or partially invalid or unenforceable.
    - (iii) The Borrower shall for any reason cease or be unable to carry on business or appointment of a receiver of the Borrower's assets.
    - (iv) Any representation, warranty or statement made by the Borrower proves to have been incorrect or misleading in any respect when made or deemed to be made and if the Borrower commits any breach or default in performance or observance of these presents or failure to keep or perform any of the terms or provisions of any other agreement between the Bank and Borrower in respect of this Loan.
    - (v) The Borrower does not upon demand furnish acceptable additional or alternate security or Borrower fails to create security in favour of Bank.
    - (vi) If Borrower dies.
    - (viii) If Borrower ceases or threatens to cease its business.
    - (ix) There exist circumstances which in the opinion of the Bank prejudicially affects or may affect the Borrower' ability to pay/ repay the principal and interest thereon or pay any amount due to the Bank and/or the Borrower commits any default in the payment of principal amount or interest of any obligation of the Borrower to the Bank when due and payable.

- (x) There is change in ownership, management and control of the Borrower without prior written consent of the Bank
- (xi) If there is deterioration or impairment of the securities or any decline/depreciation in the market value (actual or reasonably anticipated), which may cause securities in the opinion of the Bank to become unsatisfactory as to character or value.
- (xii) If the Borrower, suspends making payment on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with any one or more of its creditors (or any class of them) with a view to rescheduling any of its indebtedness or makes a general assignment for the benefit of or composition with its creditors or admits or is ordered to pay any liability and such liability is not paid when due; and if
  - (a) The value of the assets of the assets of the Borrower is less than its liabilities;
  - (b) A moratorium is declared in respect of any indebtedness of the Borrower;
  - (c) A liquidation order has been passed against the Borrower in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016;
  - (d) A resolution plan in respect of the Borrower is not submitted to the adjudicating authority at the end of the insolvency resolution process period under the Insolvency and Bankruptcy Code, 2016;
  - (e) An application is filed by any financial creditor or any operational creditor of the Borrower and/or Obligor for the insolvency resolution process under the Insolvency and Bankruptcy Code, 2016.

27. Any corporate action, legal proceedings or other procedure or step is taken in relation to:

- (i) the suspension of payments, a moratorium of any indebtedness, insolvency resolution, liquidation, dissolution, administration, provisional supervision or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Borrower;
- (ii) a composition, compromise or arrangement with any creditor of the Borrower or an assignment for the benefit of creditors generally of the Borrower (or a class of such creditors);
- (iii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager, provisional supervisor, insolvency professional or other similar officer in respect of the Borrower or any of their assets; and
- (iv) enforcement of any security interest over any assets of the Borrower.
- (v) Any other event which prejudicially alters the Bank's interest or may have Material Adverse Effect. "Material Adverse Effect" shall mean an adverse effect in the condition, financial or otherwise, prospect or operations of the Borrower or any subsidiaries or affiliates, present or future or which ay in the sole opinion of the Bank adversely affect the repayment of the Loan.
- (vi) The Loan is utilized for any other purpose other than the purpose enumerated in this Agreement or the Sanction Letter.
- (vii) If one or more judgments or decrees have been rendered or entered against the Borrower and such judgments or decrees are not vacated, discharges or stayed for a period of 30 days. And such judgments or decrees involve in the aggregate, a liability which could have a Material Adverse Effect
- (viii) Failure of Borrower to get itself rated by a credit rating agency/ies
- (ix) The Borrower is unable or has admitted in writing its inability to pay any of its indebtedness as they mature or when due.
- (x) If the Borrower without prior written consent of the Bank attempts to create any charge, mortgage, pledge, hypothecation, lien or any other encumbrance over the Borrower's property or any part of the property which is made as security for the repayment of the loan.
- (xi) If the Borrower being a partnership is under the process of dissolution or is dissolved.
- (xii) If it is certified by an accountant appointed by the Bank (which the Bank is entitled and hereby authorized to do so at any time) that that the liabilities of the Borrower exceed the Borrower's assets or that the borrower is carrying on business at a loss or If the Borrower defaults in respect of any other indebtedness to the Bank or any of the Affiliates/group companies of Borrower defaults in respect of their indebtedness to the Bank.

Upon the happening of any of the above event, at the option of the Bank, and without necessity of any demand upon or notice to the Borrower, all of which are hereby expressly waived by the Borrower and notwithstanding anything contained herein or in any security documents executed by/to be executed by the Borrower in the Bank's favour, the said dues and all of the obligations of the Borrower to the Bank, hereunder shall immediately become due and payable irrespective of any agreed maturity, and the Bank shall be entitled to enforce its security. On the question of whether any of the above events/circumstances has occurred/happened, the decision of the Bank shall be final, conclusive and binding upon the Borrower.

The Borrower shall give to the Bank a notice, if any event of default or any event which after the notice or lapse of time or both would constitute an event of default shall have happened, in writing specifying such an event of default or event has happened. If any statutory notice of winding up or insolvency under any law or any suit or legal process intended to be filed against the Borrower is served upon the Borrower, then the Borrower shall promptly notify the Bank.

28. If the Borrower makes default in payment of the said Dues or any part thereof, the Bank would be at liberty (but not bound to do so) to appoint its nominee as receiver without having resort to a Court of Law and/or to a proceeding in Court, to take possession of the properties of the Borrower held/to be held by the Bank as security for the Loan hereunder or under any other security document(s) executed to be executed by the Borrower in favour of the Bank.



29. The Borrower expressly agrees and accepts that in the event of any default being committed by the Borrower under any other agreement with the Bank, under which the Borrower is enjoying financial/ credit facility, such event, alongwith the event specified as in (a) to (d) below, shall be considered as an event of default occurred under this Agreement and the Bank, shall be absolutely entitled to exercise all or any of its rights under this Agreement or under applicable law including SARFAESI Act 2002 or any corresponding law including right to set off in respect of any amount standing to the credit of the Borrower in any/all of the loan/ facility(ies) availed/to be availed from the Bank.
- (a) Any financial indebtedness of the Borrower is not paid when due or within any originally applicable grace period.
  - (b) Any financial indebtedness of the Borrower is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default, a default or other similar condition or event (however described).
  - (c) Any commitment for any financial indebtedness of the Borrower is cancelled or suspended by any of its creditors as a result of an event of default, a default or other similar condition or event (however described).
  - (d) Any creditor of the Borrower becomes entitled to declare any financial indebtedness of the Borrower due and payable prior to its specified maturity as a result of an event of default, a default or other similar condition or event (however described).
30. The Borrower agrees that in addition to any other rights enjoyed by the Bank, in the event of the Borrower committing any default, the Bank shall be entitled to disclose to the RBI or any other statutory or regulatory authority or to any other third person, the name/ identity of the Borrower and/or its directors and the default committed. In case of default in payment of any of the Indebtedness to the Bank, the Bank or the RBI will have an unqualified right to disclose or publish the name of the Borrower and/or its directors as defaulters (including as Wilful defaulters) in such manner and through such medium as the Bank and/or the RBI in their absolute discretion may deem fit. The Borrower further agrees that the Bank may, as it deems appropriate and necessary disclose and furnish to Credit Information Bureau (India) Ltd., and any other agency authorized in this behalf by RBI all or any of the following (a) information and data relating to the Borrower (b) the information or data relating to the Loan availed of/to be availed, by the Borrower; and the information and details of the default, if any, committed by the Borrower, in discharge of the Indebtedness. The Borrower agrees and undertakes that (a) the Credit Information Bureau (India) Ltd., and any other agency so authorized may use, process the said information and data disclosed by the Bank in the manner as deemed fit by them; and the 'Credit Information Bureau (India) Ltd., and any other agency so authorized may furnish for consideration, the processed information and data or products thereof obtained by them, to banks/ financial institutions and other credit grantors or registered users, as may be specified by the RBI in this behalf.
31. The Borrower shall upon demand pay to or reimburse the Bank in full a) the legal costs of the preparation of this Agreement, documents creating security and all documents relating thereto (b) all costs, expenses and fees relating to the periodic valuation, inspection, insurance and protection/preservation in any other manner of the security tendered to the Bank and all costs (including legal fees) incurred by the Bank in preserving perfecting or enforcing any of its rights under or in respect of this Agreement, or any present or future security and other documents.
32. Any forbearance or failure or delay by the Bank in exercising any right, power or remedy hereunder shall not be deemed to be waiver of such right, power or remedy, and any single or partial exercise of any right, power or remedy hereunder shall not preclude the further exercise thereof and every right and remedy of the Bank shall continue in full force and effect until such right, power or remedy is specifically waived by an instrument in writing executed by the Bank.
33. The Borrower shall not assign or transfer all or any of its rights, benefits or obligations under this agreement without the approval of the Bank. The Bank may, at any time, assign or transfer all or any of its rights, benefits and obligations under this agreement without notice to the Borrower. Notwithstanding any such assignment or transfer, the Borrower shall, unless otherwise notified by the Bank, continue to make all payments under this agreement to the Bank and all such payments when made to the Bank shall constitute a full discharge to the Borrower from all its liabilities in respect of such payments.
34. The Borrower shall execute in favour of the Bank or any nominee of the Bank any further/additional/fresh deeds/documents etc. whenever required by the bank to do so.
35. The Borrower also undertakes to give Irrevocable Power of Attorney in favour of the Bank to authorise the Bank to sell or transfer the said pledged securities (if any) for the purpose.
36. The Borrower shall, without protest or demur, irrevocably and unconditionally pay, indemnify, defend and hold harmless, the Bank against any and all, losses, liabilities, obligations, damages, litigations expenses, judgments, costs, taxes, penalties, charges, expenses (including, without limitation, advisors' fees), claims, fines, penalties, proceedings, actions or demands, whatsoever which may be brought or made against or sustained or incurred by the Bank (whether directly or indirectly and whether paid by Bank or not) or which the Bank may become liable under or in respect of this agreement and any action or proceedings made or brought against the Bank, its correspondents or confirming banks or agents; without deducting any tax in India whether or not such payment attract withholding tax in India or requires due certification by a qualified accountant. The Bank shall be entitled to include any amount payable under this clause in the dues payable by the borrower for availing the Loan.
37. All notices or other communications under or in connection with the Loan shall be given in writing and, unless otherwise stated may be made by letter or facsimile. Any such notice or other communication will be deemed to be effective:
- (i) if sent by letter, when delivered personally or if dispatched by post, when recall of the letter is outside the control of the sender; and
  - (ii) if sent by facsimile, on receipt of a confirmation from the correct facsimile number. Provided, however, that no notice or

communication to the Bank shall be effective unless actually received by the Bank. Notices or communication may be made to:

- (a) the Borrower's address or facsimile number; and
- (b) the Bank's address or facsimile number of its zonal / regional office specified in the Sanction Letter, or to such other address or facsimile number as may be designated by the Borrower and the Bank in writing to each other. The Borrower acknowledges and confirms that notice, if any, provided by the Bank, as specified in this paragraph or in any other manner whatsoever, of any changes in rate(s) mentioned above or any notice from the Bank for payment of amounts at the changed rate(s), shall be treated by the Borrower as sufficient and reasonable notice to the Borrower and the Bank is not bound to issue any further notice of such changes to the Borrower.

38. The entries made in the accounts / account books / records of the Bank maintained in accordance with its usual practice and in compliance with the statutory requirements and / or a statement signed by a designated officer of the Bank, shall be final and binding on the Borrower. Such entries and / or statement shall be prima-facie and conclusive evidence of the existence and amount of obligations of the Borrower as therein recorded in respect of the Loan. The Borrower agrees to accept the statement of account sent by the Bank or by any other authorised representative of the Bank as conclusive proof of the correctness of any sum claimed to be due from him.
39. The Borrower hereby agrees that in case the Borrower commits default in payment / repayment of the amounts due to the Bank or in repayment of interest thereon on due date, the Bank and/or RBI, will have an unqualified right to disclose or publish our name or the name of the Borrower and its directors/partners/proprietors as defaulter in such manner and through such medium as the bank or RBI in their absolute discretion may think fit.
40. The Borrower shall execute in favour of the Bank or any nominee of the Bank any further/additional/fresh deeds/documents etc. whenever required by the bank to do so.
41. This Agreement shall be read in conjunction with the Sanction Letter. In case of any inconsistency, the decision of the Bank in this regard shall be final and binding on the Borrower.
42. In case of any breach in terms of any event of defaults as stated hereinabove, the Bank shall have the rights to sell, dispose off or realise the securities on such terms and conditions including price that the Bank in its sole opinion thinks fit and apply the proceeds thereof towards satisfaction of the Loan including charges and expenses, if any. Any violation of covenant of borrower under this agreement shall also constitute event of default .
43. Notwithstanding anything contained above, the Bank may without notice to the Borrower in its sole discretion, share the credit risk of the whole or a part of the Facilities with any other person by way of participation. Notwithstanding such participation, all rights, title, interests, special status and other benefits and privileges enjoyed or conferred upon or held by the Bank under this Agreement shall remain valid, effective and enforceable by the Bank on the same terms and conditions and the Borrower shall continue to discharge in full all its obligations under this Agreement to the Bank. The Borrower shall not have and shall not claim any privity of contract with such person on account of any reason whatsoever. Any such sale, assignment or transfer shall conclusively bind the Borrower.
44. The Borrower undertakes and acknowledges that it is the responsibility of the Borrower to provide the Bank with the appropriate records/ communication address to determine the relevant location of the recipient of service. In case of any tax or related demand due to failure of the Borrower to provide the correct address, the same will be borne by the Borrower.
45. The Borrower unconditionally agrees, undertakes and acknowledges that the Bank has an unconditional right to cancel the outstanding un-drawn commitments under this Agreement at any time during the currency of the Loan and that the Bank shall endeavour to provide prior intimation of the same to the Borrower. The Borrower unconditionally agrees, undertakes and acknowledges that the Bank shall have the right to unconditionally cancel its outstanding un-drawn commitment in the event of deterioration in the Borrower's creditworthiness.
46. The Borrower undertakes and acknowledges that it is the responsibility of the Borrower to communicate the GSTIN number of particular state for the purpose of billing. In case of unregistered Borrower, the address as given under Borrower's Details would be considered for the purpose of computation of GST. In case of registered applicants, the address given under Borrower's Details shall be considered as the registered place of business for the purpose of computation of GST. Please note that for the purpose of this agreement, registered applicant would mean a person registered under the GST Act.  
For the purpose of this clause, the term 'GST' shall include the Central Goods and Services Tax ('CGST'), the State Goods and Services Tax ('SGST'), Integrated Goods and Services Tax ('IGST'), Union Territory Goods and Services Tax ('UTGST') and any other taxes levied under the GST related legislations in India as may be applicable. The term 'GST legislation/s' should be accordingly interpreted.
47. Any security(ies) furnished by the Borrower, under any other agreement entered into or to be entered into with the Lender, shall be deemed to be the security(ies) under this Agreement and shall not be discharged till such time all the loan(s)/ facility(ies) are fully discharged to the satisfaction of the Lender. The Borrower expressly agrees and accepts that in the event of any default being committed by the Borrower under any other agreement with the Lender, under which the Borrower is enjoying financial/ credit facility, such event, shall be considered as an event of default occurred under this Agreement and the Lender, shall be absolutely entitled to exercise all or any of its rights under this Agreement including right to set off in respect of any amount standing to the credit of the Borrower in any/all of the loan/ facility(ies) availed/to be availed from the Lender.
48. This Agreement and all documents executed under/in relation to this Agreement shall be governed by and construed in accordance with the laws of India.



49. The Borrowers and the Guarantors confirm that the Lender may for the purposes of credit reference checks, verification, assignment, etc. disclose any information/documents relating to the Borrowers and the Guarantors (pertaining to the Facility availed by the Borrower) to any third party appointed by it. The Borrowers and the Guarantors further authorize the Lender to disclose said information /documents to RBI, income tax authorities, credit bureau, third parties, credit rating agencies, databanks, corporates, banks, financial institutions or any other government or regulatory authorities, statutory authorities, quasi-judicial authorities.
50. REGULATORY DECLARATION
- Declarations (in case Borrower is a company): By signing this Agreement, the Borrower hereby declares that as at the date hereof, none of its directors or Guarantor (or any of its directors, if applicable) is a director/senior officer of a director/senior officer of a banking company, or in a specified near relation of a director/senior officer of the Lender. Except to the extent disclosed to the Bank, all the Borrower's contracts or agreements with, or any commitments to, any affiliates or group companies (if applicable) are on arm's length basis. Further, no director of the Bank is a director, manager, managing agent, employee or guarantor of the Borrower/its subsidiary/holding company, or holds substantial interest, in the Borrower/its subsidiary/holding company and no directors of any other Bank, including directors of scheduled cooperative bank and directors of subsidiaries/trustees of mutual fund/venture capital funds holds substantial interest or is interested as director or as a guarantor of the Borrower. The Borrower or any directors/ promoters/ associate concerns/ of any of the Borrower (including the Guarantor) are not and, to the best of their knowledge::
- (i) on the Export Credit Guarantee Corporation's (ECGC's) specified approval list; or
  - (ii) convicted under the provisions of Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974; or
  - (iii) on RBI's wilful defaulters/ caution list; or
  - (iv) on the Lender's defaulter list; or
  - (v) or not qualified to act as director in accordance with applicable Law.
- In case where the above negative confirmations/ declarations are not true, then the Borrower shall provide a written declaration with details of such relationship to the Lender. If the details of such declaration change during the term of the Facility, then the Borrower shall promptly provide a written declaration to the Lender of any such changes.
51. The Borrower hereby gives specific consent to the Bank/Lender for disclosing / submitting the 'financial information' as defined in Section 3 (13 ) of the Insolvency and Bankruptcy Code, 2016 ( 'Code' for brief ) read with the relevant Regulations/ Rules framed under the Code, as amended and in force from time to time and as specified there under from time to time, in respect of the Credit/ Financial facilities availed from the Bank/ Lender, from time to time, to any 'Information Utility' ( 'IU' for brief ) as defined in Section 3 ( 21 ) of the Code, in accordance with the relevant Regulations framed under the Code, and directions issued by Reserve Bank of India to the banks from time to time and hereby specifically agree to promptly authenticate the 'financial information submitted by the Bank/Lender, as and when requested by the concerned 'IU'".
52. All matters, questions, disputes, default, difference and or claims arising out of and/or concerning and/or in connection and/or in consequence of breaches, termination or invalidity thereof or relating to this Agreement, whether or not obligations of either or both parties under this Agreement be subsisting at the time of such dispute and whether or not this agreement has been terminated or purported to the terminated or completed shall be settled by arbitration in accordance with the provision of Arbitration and Conciliation Act 1996 or any statutory amendment thereof and shall be referred to the sole arbitrator to be nominated by the Lender/Bank. The award given by the sole arbitrator shall be final and binding on all parties to all parties to the Agreement. The seat of arbitration shall be Jaipur, Rajasthan. In respect of the matters where it is determined in an arbitration proceeding conducted in accordance with the preceding paragraph that (i) the arbitration proceeding provided in such paragraph is unenforceable; or (ii) the subject matter thereof is non-arbitrable under the Indian Arbitration and Conciliation Act 1996, as amended, in such a situation, courts in Jaipur, India will have exclusive jurisdiction in relation to such matters, each party irrevocably waives any right it may have to object to an action being brought in any of those courts, to claim that the action has been brought in an inconvenient forum or to claim that those courts do not have jurisdiction.
53. Bank shall be entitled to contact the Borrower and the Guarantor for any promotional campaign/offers through any electronic media including WhatsApp. Timely repayment of the loan facility is essence of this contract.
54. The terms and conditions of this Agreement is adhered with the terms and conditions of the Recovery Policy as per the RBI circular wherein parties will be abide by provisions regarding
- (i) notice period before taking possession
  - (ii) circumstances under which the notice period can be waived
  - (iii) the procedure for taking possession of the security
  - (iv) a provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property
  - (v) the procedure for giving repossession to the borrower and
  - (vi) the procedure for sale / auction of the property.
55. Unless otherwise agreed to by Bank any payment due and payable under the Loan Agreement and made by the Borrower or received by Bank would be appropriated towards such dues in the order, namely:
- (a) EMI or principal amount of the Loan
  - (b) PEMI

- (c) Costs, Charges, Expenses, Incidental Charges and other monies that may have been expended by Bank in connections with recovery;
- (d) Additional interest and/or liquidated damages on defaulted amounts;
- (e) Commitment Charge and Fees;
- (f) Any payment made by the Borrower under the Loan shall be adjusted towards the interest on costs, fees & charges and other expenses; costs, fees & charges and other expenses; interest on arrears of the Loan; repayment of the Loan; the balance, if any, towards the dues owed by the Borrower under any other agreement entered into with the Lender or in such manner as the Lender may in its sole discretion consider necessary or expedient.

THE PARTIES HERETO HAVE SIGNED THIS AGREEMENT IN ACCEPTANCE OF ALL THE TERMS AND CONDITIONS STATED HEREIN ABOVE ON THE DAY AND PLACE AFOREMENTIONED.

### DECLARATION

I/We \_\_\_\_\_ (hereinafter referred as the "borrower") hereby declare that, I/We have fully read and understood and were explained about the loan agreement, and > accept and agree to all contents and terms and conditions/ general notes mentioned in the agreement from page 66 to 74 and all paragraphs/clauses from 01 to 55 and schedule and also confirm to abide by same and the aforesaid other documents. pursuant to the same the aforesaid person(s) is / are affixing his / her / their signature(s) / thumb impression(s) as given herein below.

I/ We confirm that whatever i have stated hereinabove is true and correct to the best of my knowledge and belief and i/we enter into this agreement voluntarily, with full knowledge of its effect and signing of this document shall construed as signing of each and every page of loan agreement and all other documents.

#### DECLARATION IF THE BORROWER(S) SIGNS IN VERNACULAR LANGUAGE

The contents of the Loan Application, Agreement, power of attorney, memorandum of deposit of title deeds, declaration and promissory note have been explained by me to the applicant/co-applicant in \_\_\_\_\_ (name of language in which applicant signed and the same have been understood by the applicant/co-applicant.

मैंने आपके बैंक में लोन के लिए आवेदन किया है। और मैंने एग्रीमेंट की अंग्रेजी भाषा को पढ़ लिया है / समझ लिया / समझा दिया गया है और मेरे को मान्य है। मैं अपने हस्ताक्षर हिन्दी में करता / करती हूँ या अँगूठा लगाता / लगाती हूँ।

#### Drawdown Schedule

Drawdown Start Date	
Next Tranche Date	
Next Tranche Date	
Next Tranche Date	
Drawdown End Date	

In case of a Individual Borrower  
For Individual (Name of Borrower)

Date:  
Place:

**In case of Partnership Firm**

For \_\_\_\_\_  
\_\_\_\_\_(Name of the Partnership Firm)

(Partners)

**In case of Proprietorship Concern**

For \_\_\_\_\_(Name of the Proprietorship  
Concern).

the above mentioned Borrower  
(Proprietor)

**In case of HUF**

\_\_\_\_\_ as the Karta of the (HUF)

The above mentioned Borrower (Karta)

In case of society

SIGNED AND DELIVERED by Within Name Borrower M/S \_\_\_\_\_

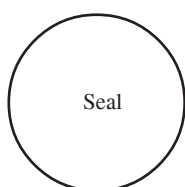
\_\_\_\_\_ through the hands of its duly authorized signatory Mr. \_\_\_\_\_

\_\_\_\_\_ (Designation) in the presence of  
Mr. \_\_\_\_\_

SIGNED AND DELIVERED by Within Name Co-Borrower M/S \_\_\_\_\_

\_\_\_\_\_ through the hands of its duly authorized signatory Mr. \_\_\_\_\_

\_\_\_\_\_ (Designation) in the presence of  
Mr. \_\_\_\_\_

<p>The Common Seal of [_____] has been affixed hereunto pursuant to the Resolution of the Board of Directors/Shareholders dated [_____] day of [_____] in the presence of:</p> <ol style="list-style-type: none"><li>1. _____</li><li>2. _____</li><li>3. _____</li><li>4. _____</li><li>5. _____</li></ol> <p>the Director/s and /or the [_____] who have in token thereof, subscribed their Signature hereto.</p>	<p>) ) ) ) ) ) ) ) ) )</p>	<div style="text-align: center;"></div>
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Acknowledged by the within named AU Small Finance Bank Limited By  
the hand of its Authorized Signatory/ Constituted Attorney

**SCHEDULE 1**

1.	Date	
2.	Place	
3.	Details of Borrower (a) Name (b) Pan No. (c) Address	
4.	Details of Co-Borrower (a) Name (b) Pan No. (c) Address	
5.	Branch office Address of the Bank	
6.	Details of Facility (a) Amount of Term Loan (b) Interest rate  (c) Interest Reset Date (d) EMI Due Date (e) Purpose (f) Default Interest Rate (g) Tenure / Term	_____/MCLR + _____ Margin _____ % Monthly / Quarterly Rests Fixed <input type="checkbox"/> Variable <input type="checkbox"/>
7.	Availability Period	
8.	Details of Guarantor (a) Name (b) Pan No. (c) Address	
9.	Details of Security and Ranking	
10.	Required Security Margin	
11.	Details of PDCs	
12.	Sanction Letter	Ref.No. _____ Date _____
13.	Charges	Agri Business Service Charges and Schedule of charge mentioned on the website of the Bank.  copy of this agreement is uploaded on the Bank's website.

Repayment shall be done by the Borrower to the Bank within a period of \_\_\_\_\_ Months from \_\_\_\_\_ (date) by \_\_\_\_\_ monthly / quarterly installments of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) each after a Moratorium Period \_\_\_\_\_ months, to be paid on or before the last day of every month/quarter/half year



## (Example of SMA, NPA Classification and NPA Upgradation of Term Loan Cases)

**1. IRAC Circular Refer Para No. 2.1.2 (i)** - interest and/ or instalment of principal remains overdue for a period of more than 90 days in respect of a term loan  
**Example Description** - SMA and NPA Classification of Term Loan Cases based on overdue date.

**Example Detail:** If due date of a loan account is March 31, 2021, and complete dues are not received before the lending institution runs the day-end process on this date, the date of overdue shall be March 31, 2021. If it continues to remain overdue, then this account shall get tagged as SMA-1 upon running day-end process on April 30, 2021 i.e. upon completion of 30 days of being continuously overdue. Accordingly, the date of SMA-1 classification for that account shall be April 30, 2021. "Similarly, if the account continues to remain overdue, it shall get tagged as SMA-2 upon running day-end process on May 30, 2021 and if continues to remain overdue further, it shall get classified as NPA upon running day-end process on June 29, 2021. This is further elaborated as below mention table:

Date	DPD	Classification
"31-Mar-21 "(Due Date)"	1	SMA-0
30-Apr-21	31	SMA-1
30-May-21	61	SMA-2
29-Jun-21	91	NPA

**IRAC Circular Refer Para No. 4.2.5** - If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as 'standard' accounts.

**Example Description - Upgradation of NPA Account:** loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower

Date	Due Amount	DPD	Classification
"31-Mar-21 "(Due Date)"	10000	1	SMA-0
30-Apr-21	10000	31	SMA-1
30-May-21		61	SMA-2
31-May-21	10000		
29-Jun-21		91	NPA
30-Jun-21	10000		
1-Jul-21			Upgradation*

\*Upgradation of Account to standard category can be done after total pending due of Rs. 40000 is received from borrower by the Bank

**2. IRAC Circular Reference Para No. 4.2.7 (c)** - Asset Classification to be borrower-wise and not facility-wise"Para No. 4.2.7.1 -It is difficult to envisage a situation when only one facility to a borrower/one investment in any of the securities issued by the borrower becomes a problem credit/investment and not others. Therefore, all the facilities granted by a bank to a borrower and investment in all the securities issued by the borrower will have to be treated as NPA/NPI and not the particular facility/investment or part thereof which has become irregular.

**Example Description** - NPA Classification on based on borrower wise and not facility wise.

**Example:** If any Facility of customer is classified as NPA upon running day-end process as on date, all the facility of the customer need to be classified NPA upon same day. It is further explained as below mention table:

Customer ID	Facility Name	Date	NPA Reason
A	Term Loan 1	29-Jun-21	NPA Classified as per above Example
A	Term Loan 2	29-Jun-21	NPA Classified Due to Customer A Term Loan 1 is classified NPA
A	Cash Credit / Overdraft	29-Jun-21	NPA Classified Due to Customer A Term Loan 1 is classified NPA

**IRAC Circular Refer Para No. 4.2.5** - If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as 'standard' accounts.

**Example Description - Upgradation of NPA Account:** loan accounts classified as NPAs may be upgraded if arrears of interest and principal are repaid in all the facilities of the borrower

Customer ID	Facility Name	Date	NPA Reason
A	Term Loan 1	29-Jun-21	NPA Classified as per above Example
A	Term Loan 2	29-Jun-21	NPA Classified Due to Customer A Term Loan 1 is classified NPA
A	Cash Credit / Overdraft	29-Jun-21	NPA Classified Due to Customer A Term Loan 1 is classified NPA
A	Term Loan 1	15-Jul-21	Upgrade*
A	Term Loan 2	15-Jul-21	Upgrade*
A	Cash Credit / Overdraft	15-Jul-21	Upgrade*

\*Upgradation of Borrower's accounts to standard can be done if arrears of interest and principal are repaid in all the facilities of the borrower



# AU SMALL FINANCE BANK Standing Instruction Form

Customer Details (To be filled by the Customer. Fields marked with \* are mandatory)

To,  
The Branch Manager  
AU Small Finance Bank

Date: \_\_\_\_\_

\_\_\_\_\_ (Branch)

Subject: Request for Maintenance of a Standing Instruction

\*Customer's Name (as in Bank A/C) \_\_\_\_\_

Debit Account No:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

\*Mobile No: \_\_\_\_\_

\*Description of Transaction: \_\_\_\_\_

\*Amount (₹) figure \_\_\_\_\_ Words \_\_\_\_\_

Frequency (Monthly / Quarterly/ Half- Yearly /Yearly) \_\_\_\_\_

Start Date:

End Date:

\*Credit Account/Loan No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Name \_\_\_\_\_

\_\_\_\_\_  
Signature of the Customer (As per Bank records)

## For Bank Use

Signature verified by: \_\_\_\_\_ Approved by BM: \_\_\_\_\_

## For COPS Use Only

Maintained on: \_\_\_\_\_ Set-up charges recovered: YES / NO





## DROPLINE OVERDRAFT FACILITY AGREEMENT

CIN No. L36911RJ1996PLC011381

THIS DROPLINE OVERDRAFT FACILITY AGREEMENT ("this Agreement") is made on the date specified in Schedule by and between : The person(s) specified as the borrower(s) and co-borrower(s) in Schedule to this Agreement (hereinafter collectively referred to as the "Borrower") of the ONE PART.

The expression 'Borrower', unless it be repugnant to the context or meaning thereof, shall mean and include: (i) in the event that the Borrower is a Company within the meaning of the Companies Act, 2013 or a Limited Liability Partnership, incorporated under the Limited Liability Partnership Act, 2008, its successors; (ii) in the event that the Borrower is a partnership firm for the purposes of the Indian Partnership Act, 1932, the partners for the time being and from time to time and their respective legal heirs, executors and administrators, legal representatives and successors; (iii) in the event that the Borrower is a sole proprietorship, the sole proprietor and his/ her legal heirs, administrators, executors and legal representatives; (iv) in the event that the Borrower is an individual, his/her legal heirs, administrators and executors; (v) in the event that the Borrower is a joint Hindu Undivided Family, the Karta and any or each of the adult members of the HUF and their survivor(s) and his/her/their respective heirs, executors, administrators; (vi) in the event that the Borrower is a society, the members of the governing body of the Society and any new members elected, appointed or co-opted thereon; (vii) in the event that the Borrower is a Trust, the Trustee or Trustees for the time being thereof and their respective legal heirs, executors, administrators and successors;

**AND**

**AU SMALL FINANCE BANK LIMITED**, having CIN no. L36911RJ1996PLC011381, a small finance bank having its registered office at 19-a, Dhuleshwar Garden, Ajmer Road, Jaipur - 302001, Rajasthan, hereinafter called as the "**Bank**" (which expression shall unless it be repugnant to the context or meaning thereof shall mean and include its successors and assigns) of the Other Part.

The Borrower and the Bank shall hereinafter be individually referred to as a "Party" and collectively as "Parties". WHEREAS

- A. At the request of the Borrower, the Bank has agreed to grant to the Borrower a dropline overdraft facility ("DLOF") for the purpose, in the current account maintained by the Borrower with the Bank, upto the extent of / not exceeding the Dropline Limit for the Purpose and Tenure as detailed in the Schedule hereto and based on the terms and conditions contained in this Agreement and/or in the application form signed by the Borrower and/or the Sanction/ Facility Letter as more particularly stated in the Schedule hereto.
- B. The Borrower intends to avail of the Facility from the Bank on the terms and conditions set out in this Agreement.

**NOW, THEREFORE**, in consideration of the premises and mutual agreements and covenants contained in this Agreement and other good and valuable consideration (the receipt and adequacy of which are hereby mutually acknowledged), each of the Parties hereby agree as follows:

### **1. DEFINITIONS AND INTERPRETATION**

- 1.1 In this Agreement, unless there is anything repugnant to the subject or context thereof, the expressions listed below shall have the following meanings:
- In addition to the terms defined in the introduction, recitals and text of this Agreement, whenever used in this Agreement, unless repugnant to the meaning or context thereof, the following words and terms shall have the meanings set forth below:

"**Act**" means the Companies Act, 2013, and for any matters or affairs prior to the notification of the relevant provisions of the Companies Act, 2013, the Companies Act, 1956.

"**Affiliate**" means a subsidiary or a Holding Company of a person or any other subsidiary of that Holding Company.

"**Borrower(s)**" shall have the meaning ascribed to it in the array of parties as mentioned in the Schedule hereto including Co - Borrowers if any, also mentioned in the Schedule.

"**Branch**" means the branch of the Bank situated at the place mentioned in the Schedule through which the DLOF is availed and shall include any other branch where the current account linked to the DLOF is maintained or transferred to any time at the sole discretion of the Bank.

"**Business Day**" shall mean a day on which the lending office of the Bank is open for business and excludes Sundays and public holidays as notified under section 25 of the Negotiable Instrument Act, 1881.

"**Charges**" means the charges as specified in the Schedule levied by Bank and also such further or additional charges advised by the Bank from time to time.

"**Cheque(s)**" shall have the meaning ascribed to it in the Schedule hereto.

"**Default Interest**" shall have the meaning as assigned as specified in the Schedule.

"**Default Interest Rate**" means the Default Interest Rate as specified in the Schedule over and above the applicable rate of interest on the outstanding overdrawn amount.

"**DLOF**" means the overdraft facility granted by the Bank to the Borrower and linked to the DLOF Account upto the Dropline Limit which amount limit shall be subject to Equated Monthly Reduction as appearing in the Schedule.

"**DLOF Account**" shall have the meaning ascribed to it in as specified in the Schedule.

"**Events of Default**" shall have the meaning ascribed to it in clause 8 of this Agreement.

"**Equated Monthly Reduction**" "EMR" shall mean the amount deducted every month on such date/ s specified in the Schedule with respect to the DLOF herein granted.

"**Final Settlement Date**" shall mean the date on which all the outstanding balance under this Agreement have been irrevocably paid/ repaid by the Borrower to the Bank, to the full satisfaction of the Bank

"**Interest Rate**" means the rate as specified in the Schedule at which the Bank shall compute and apply interest on the DLOF from time to time during the subsistence of this Agreement.

"**MCLR**" shall mean the "marginal cost of funds based lending rate" of the Bank determined (and revised) in accordance with the guidelines issued by RBI in this regard ) (as amended or revised from time to time) and corresponding internal policies of the Bank, as reset from time to time and as revised in accordance with this Facility Agreement.

"**Material Adverse Effect / Change**" shall mean the occurrence of a material and adverse change (i) in the condition, financial or otherwise, prospect or operations of the Borrower or any of its subsidiaries or affiliates, present or future, or (ii) which may, in

the sole opinion of the Bank adversely affect the capacity of the Borrower to fund the DLOF Account and the prompt and timely recovery of the EMR. "

**"Purpose"** means that the purpose for which the DLOF has been availed of by the Borrower(s) and which is more particularly detailed in the Schedule.

"PDCs" shall mean and the Borrower hereby agrees, undertakes and confirms that it shall deliver to the Bank post-dated cheques more particularly described in Schedule 1 towards the payment of the outstanding obligations along with the Interest with the Bank named as the payee therein ("PDCs").

"Schedule" means the Schedule to this Agreement and which forms an integral part of this Agreement and includes such Schedule added to this Agreement from time to time.

"Security" shall have the meaning ascribed to it in the Schedule hereto.

"Standing Instructions" shall have the meaning ascribed to it in Clause 5 hereof.

"Finance Document" shall mean this Dropline Overdraft Facility Agreement together with all Schedule(s) and shall, unless it be repugnant to the subject or context thereof, include all amendments and additional Schedule(s) thereto.

## 1.2 In this Agreement

- (a) Reference to an "amendment" includes a supplement, accession, replacement or re-enactment modification, amendment, novation and "amended" is to be construed accordingly;
- (b) a reference to "approval" or "permission" authorisation or "consent" or "includes a, filing, registration, authorisation, consent, approval, permission, clearance, resolution, licence, exemption;;
- (c) Any expressions not defined herein, if defined within the General Clauses Act. 1897, shall carry the same meaning as assigned to it under such Act;
- (d) Where a wider construction is possible, the words "other" and "otherwise" shall not be construed ejusdem generis with any foregoing words.
- (e) A reference to "encumbrance" includes a mortgage, charge, lien, pledge, hypothecation, security interest or any lien of any description whatsoever;
- (f) Any reference to Article, Clause, sub-clause or Schedule shall be deemed to be a reference to an Article, Clause or Schedule of this Agreement;
- (g) References to this Agreement shall be construed as references also to any separate or independent stipulation or agreement contained in it;
- (h) Any reference to any enactment or statutory provision is a reference to it as it may have been, or may from time to time, be amended, modified, consolidated or re-enacted;
- (i) The Facility/Sanction Letter and this Agreement are to be read harmoniously with each other.
- (m) any determination with respect to the materiality of any matter including of any event, occurrence, circumstance, change, fact, information, document, authorisation, proceeding, act, omission, claims, breach, default or otherwise shall be made by the Bank, at its sole discretion;
- (n) Where any action of the Bank is subject to "reasonability" under this Agreement or any other documents, such 'reasonability' shall be determined by the Bank;

- (o) Words and abbreviations, which have, well known technical or trade/commercial meanings are used in this Agreement in accordance with such meanings;
- (p) Reference to a "month" or "Month" shall, unless the context otherwise requires, shall mean a period beginning at 00:00 hours of the first day of the calendar month of a Gregorian Year and ending at 24:00 hours on the last day of such calendar month;

## 2. THE FACILITY

- (a) The Bank hereby agrees to grant to the Borrower, an drop line overdraft facility ("Drop Line Overdraft Facility") for the tenure ("Tenure") and the purpose ("Purpose") mentioned in the Schedule hereto, with different operating overdraft limits (each an "Operating Limit") applicable in different months, starting with an Operating Limit for the first month as specified in the Schedule ("Initial Dropline Overdraft Limit/Dropline Limit"), more particularly specified in Schedule and the Borrower can avail the DLOF from a designated current account of the Borrower maintained with the Bank in its individual name, the details of which are provided in the Schedule ("DLOF Account").
- (b) The relationship between the Bank and the Borrower(s), as creditor and debtor, shall commence from the date of this Agreement and shall subsist until all monies due and payable by the Borrower(s) to the Bank under this Agreement. It shall have been fully paid to and received by the Bank.
- (c) The Dropline Limit (or any part thereof) may be disbursed by the Lender/Bank upon receiving a drawdown request from the Borrower. The entire Dropline Limit should be availed of within the number of months, from the date of loan sanction, as specified in the Schedule (Availability Period). The Borrower's right to make draws shall expire at the end of the Availability Period ("Drawdown End Date"). However, the Dropline Limit sanction may be kept open at the sole discretion of the Lender/Bank for an additional period of such number of days beyond the Availability Period as the Bank/Lender may deem fit. If the Dropline Limit is not drawn completely by the Borrower within the Availability Period, then the Bank shall be entitled to impose penalty, if any, as mentioned in the Sanction Letter. The mode and manner of Disbursement is left to the sole discretion of the Lender/Bank.

## 3. CHARGES, INTERESTS, FEES AND COSTS

- 3.1 The interest rate applicable will be as specified in Schedule plus interest tax, as may be applicable rate prevailing from time to time, payable with monthly/quarterly rests, or such other rate as may be stipulated by the Bank and advised to the Borrower upon the daily balances shown in the said DLOF Account. The interest rate payable by the Borrower will be subject to the changes in the interest rate made by Reserve Bank of India. The Borrower shall pay the interest rate on the last day of the every month (date) until the Loan is repaid. If the interest remains due on the date, then the interest shall compound monthly. The interest shall be calculated on the basis of 365 day year and the actual days elapsed.
- 3.2 The Bank shall be entitled to reset the Margin as specified in the Schedule on the Interest Reset Date and MCLR/External Bench Mark Rate (EBR) at such frequency as the Bank deems fit. Bank shall also have right to reset the Margin consequent to any change in MCLR/EBR and will also have the right to reset the MCLR/EBR and the Margin if RBI revises the standard provisioning requirement of banking asset or RBI enhancing the risk weightage norms for banking asset or RBI changing the norms for

- classification of banking assets or downward revision in the credit rating of the Borrower or the security provider or occurrence of event of default or potential event of default or Bank's internal review or RBI changing the policy of computation of MCLR/EBR.
- 3.3 Upon reset of MCLR/Margin/EBR, the Bank shall notify the Borrower of the revised interest rate and the Borrower shall pay the revised interest rate from the reset date on the loan amount.
- 3.4 The change in the rate of interest as aforesaid shall be deemed to form part of this Agreement;
- 3.5 If any amount payable herein falls due on a day which is not a Business Day/ then such amount shall be paid on a Business Day immediately preceding such day;
- 3.6 The Borrower agrees without any delay, demur or protest to submit to the Bank, cheques or Electronic Clearing System (ECS) standing instruction with one or more Cheques for discharging its/her/his liabilities hereunder. Amount to be mentioned on the Cheques (ECS) will be same as the EMR and same shall be presented on 1st of every month.
- 3.7 The Borrower(s) agrees and acknowledges that availing of the DLOF shall be subject to payment of processing charges and other charges including but not limited to collection charges, swap charges, interest tax, stamp duty, costs and such other charges as mentioned in the Schedule and the Borrower hereby authorizes the Bank to debit the same from the said DLOF Account.
- 3.8 The Borrower acknowledges and agrees that the Borrower shall be liable to pay prepayment/pre-closure charges at 4% of the entire Facilities sanctioned by the Bank to the Borrower in case the Facilities are prepaid/pre-closed through any source of funds(s) other than the Borrower's own funds.
- (i) upon occurrence of a default in payment of any outstandings on the Due Date or breach of any terms or conditions of any Transaction Documents, the Borrower shall, without any demur or protest, pay the Default Interest over and above the applicable interest on overdue amounts in respect of which the default has occurred (whether such overdues have arisen at stated maturity, by acceleration, by mandatory prepayment, or otherwise in accordance with this Agreement).
- (ii) Such Default Interest shall, in the absence of any conditions under the Sanction Letter, be compounded monthly and shall be payable on demand and in the absence of any such demand, on the next Due Date occurring after the date of default.
- (iii) The Default Interest shall be payable on and from the date of default up to and excluding the date on which such delay/default is rectified to the satisfaction of the Bank or such delay/ default (other than in case of any payment defaults) is waived by the Bank. The Bank's right to claim the Default Interest shall be without prejudice to the Bank's right to take any other action available to them under the terms of the Transaction Documents or under Applicable Law in respect of such non-payment on a Due Date.
- (iv) The Borrower acknowledges and agrees that the Default Interest are reasonable and that they represent genuine pre-estimates of the loss expected to be incurred by the Bank in the event of non-payment of any monies by the Borrower.
- 3.9 The Borrower(s) hereby agrees and acknowledges that the Schedule is not exhaustive and the charges are the rates currently prevalent

and can be changed and/or fresh/new charges can be added to, anytime and from time to time, at the sole and absolute discretion of the Bank by providing a written notification to the Borrower and such charges shall be binding on the Borrower(s). Further, the Borrower understands and agrees that all fees, charges and other monies payable/ paid by the Borrower(s) as stated in the Schedule are reasonable and non-refund able in nature.

- 3.10 All interest (including Default Interest Rate) and all other charges, including any interest on costs, charges and expenses shall accrue from day to day and shall be computed on the basis of 365 days' year and the actual number of days elapsed.

- 3.11 The Borrowers acknowledge(s) that the rates / all sums of any interest as specified under this Agreement are reasonable and that they represent genuine pre-estimates of the loss likely to be incurred by the Bank in the event of non-payment or non-compliance by the Borrower(s) of the terms and conditions of this Agreement.

- 3.12 The Borrowers acknowledge(s) that the DLOF provided under this Agreement is for the Purpose and waives any defences available under usury or other laws relating to the charging of interest.

#### **4. REPRESENTATION AND WARRANTIES OF THE BORROWER**

##### **4.1. Status**

- (a) The Borrower is legally and properly organized and in existence under the law of its jurisdiction of incorporation.
- (b) The Borrower, and each of its Subsidiaries have the power to own its assets and carry on their business as they are being conducted.
- (c) The Borrower is duly constituted under the relevant laws (as applicable) and are not prohibited by law from availing of the DLOF and are in and shall at all times continue to remain in compliance with all the applicable laws, rules and regulation in every respect:
- (d) The person(s) executing this Agreement and all documents on behalf of the Borrowers is/ are entitled to do so and has/have been duly authorized to sign this Agreement and all documents and writings. All consents required by the Borrower(s) for the execution and performance of this Agreement have been duly obtained:
- (e) Disbursement made to one borrower shall amount disbursement to all the borrowers including co-borrowers.
- (f) The Borrower shall bear all costs of making good any deficit in stamp duty on the documents executed by the Borrower in relation to the Facilities and/or security created by the Borrower in favour of Bank.
- (g) Borrower shall allow the Bank to audit and inspect its books and records and the premises mortgaged and goods hypothecated to the Bank.

##### **4.2. Binding Obligations**

The obligations expressed to be assumed by the Borrower in each Finance Document are legal, valid, binding and enforceable obligations in accordance with its terms. There are no threatened or pending claims, demands, litigation or liquidation proceedings against the Borrowers or the Security which is likely to have a materially adverse effect on the Bank to hold or enforce the Security;

(If the Borrower is an Individual) the Borrower(s) is a major and is competent to enter into a contract as per the Indian Contract Act. 1872;

The Borrowers shall not use the DLOF (or any part thereof) for

any improper/ illegal/ unlawful/ speculative/ capital market related activities;

**4.3. Non-conflict**

The entry into and performance of the Finance Documents by the Borrower and the transactions contemplated by the Finance Documents do not and will not conflict with or violate:

- (a) any law, rule or regulation or any official or judicial order, decree or judgment applicable to it; or
- (b) its constitutional documents; or
- (c) any agreement or instrument binding upon it.

**4.4. Powers and Authority**

The Borrower has the power to enter into and perform, and has taken or obtained all necessary action and authorisations and which are in full force and effect, without any default on the part of the Borrower to:

- (a) own its property and assets and carry on its business;
- (b) enter into, perform and deliver the Finance Documents and the transactions contemplated by the Finance Documents; and
- (c) ensure the validity and enforceability of the Finance Documents and the transactions contemplated by the Finance Documents.

**4.5. Validity**

All authorisations necessary to enable the Borrower to lawfully enter into, and comply with its obligations in the Finance Documents have been obtained or effected and, to the Borrower's knowledge, are in full force and effect. The information provided in the application for the DLOF and as contained herein is complete and true in all respects;

**4.6. No Litigation**

To the knowledge of the Borrower, there is no action, suit, or proceeding or investigation pending and/or continuing or by or against the Borrower or the property of the Borrower before any court of law or Authority which may have a Material Adverse Effect.

**4.7. Correct Information**

- (a) All factual and other information provided to the Bank by the Borrower in connection with the Finance Documents is true and accurate as at a date no earlier than the date on which it was provided and no events have occurred which render a Finance Document void or voidable, or repudiated or frustrated, for any reason whatsoever, including without limitation, by reason of default, fraud or misrepresentation.
- (b) The Borrower's audited most recent financial statements delivered to the Bank :
  - (i) have been prepared in accordance with Generally Accepted Accounting Principals, consistently applied; and
  - (ii) give a true and fair view of its financial condition (consolidated, if applicable) as at the date to which they were drawn up, except, in each case, as disclosed to the contrary in those financial statements.

**4.8. No Default**

- (a) No Default has occurred or is continuing or outstanding.
- (b) All outstanding dues, of an amount of Rs. 1,00,000 or above, payable to any creditor of the Borrower (including any operational or financial creditor) have been paid on the relevant due date and no insolvency proceedings have

been initiated or filed against the Borrower.

**4.9. No Immunity**

Neither the Borrower nor any of its assets are entitled to immunity from suit, execution, attachment or other legal process in their jurisdiction of incorporation. The Borrower's entry into the Finance Documents or which are issued by it (or on its behalf) constitute, and the exercise of their rights and performance of and compliance with their obligations under the Finance Documents will constitute, private and commercial acts done and performed for private and commercial purposes.

**4.10. No Event of Default**

- (a) No Default has occurred and is continuing.
- (b) No other event or circumstance is outstanding which constitutes an event of default or potential event of default under any other agreement or instrument which is binding on the Borrower or to which its assets are subject, which has or could reasonably be expected to have a Material Adverse Effect.

**4.11. Validity and admissibility in evidence**

All authorisations required or desirable:

- (a) to enable the Borrower to lawfully enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party;
- (b) to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and
- (c) for it to carry on its business, and failure to have such authorisation will have or may reasonably be expected to have a Material Adverse Effect, have been obtained or effected and are in full force and effect.

**4.12. Insolvency**

- (a) The Borrower shall supply to the Bank, promptly upon becoming aware of them, the details of any filing by any creditor (financial creditor or operational creditor) which are made or threatened against it, in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 or any analogous Laws.

**4.13. Other Conditions :-**

- a. The Borrower(s) shall provide to Bank such other information and documents concerning his/her employment, profession, business or utilization of DLOF as the Bank may require from time to time;
- b. The Borrower(s) shall, within 7 (seven) days of for event, inform for Bank of any likely change in his/ her employment and /or residential/ office address/ residential or office landline telephone number, mobile phone number/ E-mail ID:
- c. The Borrower shall ensure that the DLOF Account maintained by the Borrower with the Bank is funded to such extent to ensure prompt and timely recovery of the monthly drop line amount as prescribed in Schedule hereto. In the event of any default, the Borrower unconditionally, irrevocably and absolutely agrees, consents and undertakes to pay penal interest at the Default Interest Rate as mentioned in the Schedule hereto;
- d. The Borrower shall ensure that the Electronic Debit Instructions (EDI) given to the Bank by the Borrower(s) pursuant to this Agreement; shall not modified or countermanded without prior written permission of the

- Bank.
- e. If not acted upon by the Bank for whatever reason, then without prejudice to the rights of the Bank to recall the entire amount outstanding under the DLOF, the Borrower(s) shall issue such revised instructions as may be necessary to ensure payment to the Bank in terms of this Agreement and/ or to issue and deliver Cheques for the balance outstanding under the DLOF as per Schedule;
  - f. The Borrower(s) shall not
    - i) Close the bank accounts from which Cheques have been issued/ EDI has been given;
    - ii) Issue any communication to the Bank for stopping or postponing for presentment of the said Cheques
  - g. The Borrower(s) shall duly and punctually comply with all the terms and conditions of holding the Security and all laws in respect thereof including all applicable rules, regulations and bye-laws applicable to the Security and pay such charges for the upkeep of Security including insurance premium under the insurance policies with the Bank designated as the loss payee (as applicable) as also other dues, etc. as may be payable in respect of the property and/or use thereof; Borrower shall at all times during the currency of the Loan, at its own cost, keep the said property constituting the Bank's security fully insured against such risks and for such amounts and for such period and forms as the Bank may require, in the joint names of the Bank and the Borrower or with the usual Bank mortgage clause, with any insurance company and shall deposit the insurance policies and all cover notes premia receipts etc., with the Bank against the Loan so given to him/her/it by the Bank.
  - h. Obligations under this Agreement are legal, valid, binding and enforceable against the Borrower and all governmental or other licenses, consents and authorizations requisite for such execution, delivery and performance have been obtained and are in full force and effect;
  - i. The Borrower is not facing any litigation which have been initiated by another financier including banks;
  - j. (Where the Borrower is an individual) he/she is not a director or specified near relation of a director of a banking company;
    - i) (Where the Borrower is a partnership firm/HUF) none of the partners or members of the HUF is a director or specified near relation of a director of a banking company; and
    - ii) (Where the Borrower is a joint stock company) none of its directors, is a director or specified near relation of a director of a banking company.
  - k. (Where the Borrower is an individual), that he/she is not a specified near relation to any senior officer of the bank,
    - i) (Where the Borrower is a partnership firm/ HUF), none of the partners or members of the HUF, is a specified near relation of any senior officer of the bank, and  
(Where the Borrower is a joint stock company), none of its directors, is a specified near relation of any senior officer of the bank) the Borrower agrees and undertakes to route all cash flows through its bank account maintained with the

- Bank.
- l. That each of these representations will remain correct and complied with so long as the facility and/or any sum thereunder remain outstanding.
  - m. The Borrower shall procure and deliver to the Bank before any drawals are made under the Drop Line overdraft Facility irrevocable and unconditional guarantee(s) from the Persons specified as Guarantor(s) under Schedule of this Agreement (in favour of the Bank for the due repayment of the Facility and the payment of all interest and other monies payable by the Borrower, in a form prescribed by the Bank. The Borrower shall not pay any guarantee commission to the Guarantor(s).
  - n. The Borrower(s) acknowledges that certain services may be outsourced by the Bank to various service provider/ third parties and in pursuance of which Borrower(s) information may be disclosed by the Bank to such service provider/ third parties. The Borrower(s) hereby give(s) its irrevocable consent to disclosure by the Bank to such service provider/ third parties, all information, including confidential information relating to Borrowers) and the Bank disclaims any liability that may arise by such disclosure by the Bank and the Bank shall have the right to store financial data of the Borrower(s). This may include data which is not kept within accounts of the Bank;

## 5. STANDING INSTRUCTIONS

- 5.1. The Borrower(s) may deliver Electronic Debit Instructions ("EDI") to the Bank with respect to the DLOF Account (which are popularly known as "Standing Instructions") for payment of the Equated Monthly Reductions that are payable by the Borrower(s) to the Bank in accordance with this Agreement and the Schedule. For such purpose, the Borrower(s) shall sign and execute all documents/ applications and provide all such information/ documents as may be required for effecting EDI by the Bank.

## 6. RIGHTS AND OBLIGATIONS OF THE BANK

### 6.1. The Bank shall:

- (a) Have the sole right to amend at any time and from time to time any of the terms & conditions of this Agreement including but not limited to revising/ rescheduling the repayment terms/ any other amounts outstanding thereunder, revision of Interest Rate (including the Default Interest Rate), any other charges or fees, periodicity of compounding of interest, method of effecting credit of the repayments, by proving the Borrower a written notice without assigning any reason and notify such change/ revision/ amendment to the Borrower(s). The Borrower(s) will be bound by such change/ revision upon being notified of the same and the Borrower(s) agree(s) that such revision/ change/ amendment shall become applicable from date of such revision in the records of the Bank.
- (b) Have the right to ascertain/inspect the Security and books of accounts and other records maintained by the Borrower(s) (as applicable);
- (c) If any default is committed by the Borrower(s), the Bank and the persons authorized by the Bank may approach the Borrower(s)'s employer and/ or other person(s), and inform it/him/her of the terms of this Agreement and/ or the default and/ or other matters and receive from it/him/ her any amount payable by it/him/her to the Borrower(s);



- (d) Be entitled at its absolute discretion and in the manner it deems fit to disclose/publish any information about the Borrower(s), Borrowers account relationship with the Bank and/ or any default committed by the Borrower in repayment of amounts/ payment of interest (whether such information is provided by the Borrowers) or obtained by the Bank itself and whether in form or repayment conduct, rating or defaults) to its head office, other branch offices, affiliated entities, agents, Reserve Bank of India, other Banks, institutions, CIBIL (Credit Information Bureau (India) Ltd), its auditors, any refinancing agency and such third parties including rating agencies as the Bank may, in its sole and exclusive discretion. deem fit and proper. CIBIL and any other agency so authorised may use, process the said information and data disclosed by the Bank in the manner as deemed fit by them and may furnish for consideration, the processed information and data or products thereof prepared by them, to banks / financial institutions and other credit grantors or registered users, as may be specified by the Reserve Bank in this behalf the Bank shall also be entitled to seek and receive any information as it deems fit in connection with the DLOF and/ or the Borrower(s) from any third party;

## 6.2. Security

In consideration of the Bank having granted / agreed to grant the Facility to the Borrower and in order to secure the due and timely payment of the Obligations by the Borrower to the Bank and to secure the performance by the Borrower of its obligations under this Agreement, the Borrower:

- (a) Agrees that the outstanding amounts under this Agreement shall be secured by hypothecation of the receivables and such other securities and collateral securities as may be prescribed by the Bank ("Security"), on such ranking as provided in Schedule of this Agreement and if required by the Bank, shall be secured by such additional security as may be acceptable to the Bank. The Borrower shall also provide fixed deposits and first loss demand guarantees to the Bank of such amount and such tenure as required by the Bank
- (b) Agrees to execute all such deeds, documents and writings as may be necessary for the purpose of creation of the Security as agreed under this Agreement.
- (c) The Borrower shall, within such number of days from the date of first drawdown under the Facility, create charge on such receivables of the Borrower and of such ranking as specified by Bank. The Borrower agrees to execute all such deeds, documents and writings as may be necessary for the purpose of creation of the Security as agreed under this Agreement.
- (d) The Bank reserves the right to take any action as may be deemed necessary, in the absolute discretion of the Bank, for the protection and/or perfection of the Security and the cost of the same shall be borne by the Borrower. The Borrower undertakes to do all acts and things and execute all such documents required by the Bank in this respect, without in any way derogating or affecting the Bank's Security interest in the Security. The Borrower shall create Security in terms of this Agreement and comply with all formalities in relation to creation of such Security within

the timelines as stipulated by the Bank.

- (e) The Borrower shall secure to the satisfaction of the Bank the DLOF together with all interest, liquidated damages, costs, charges and expenses and all other moneys whatsoever due and payable by the Borrower to the Bank ("the said dues"), by creating the Security as mentioned in the Schedule in favour of the Bank. The value of the Security to be offered for the DLOF shall be with respect to the drawing power as determined by the Bank from time to time.
- (f) The Borrower shall ensure to the complete satisfaction of the Bank and / lawyers of the Bank that the Borrower has a clear, un-encumbered and marketable title to the Security offered and the Security is capable of being purchased by the Borrower(s) and / or mortgaged, on first and exclusive charge basis, in favour of the Bank (as applicable)
- (g) The Borrower(s) and/or such other person(s) shall have created such Security, as may be acceptable to the Bank and in the form and manner as stated in the Schedule. Provided that where the Borrower(s) is required to make any registrations and filings in respect of the creation of such Security under applicable law, the Borrower(s) shall make all such registrations and filings in this regard. Provided further that where the Borrower(s) need(s) any consents for the creation of any such Security, the Borrower(s) shall have also obtained all such consents prior to the creation of such Security;
- (h) The Borrower shall execute all the relevant documents and a power of attorney in the form and substance as may be stipulated by the Bank in respect of the said Security or any other security as may be mutually agreed upon (as applicable).
- (i) The Borrower agrees that the Security furnished shall remain a continuing security in favour of the Bank and be binding on the Borrower(s) and (a) Shall not be discharged by any intermediate payment made by the Borrower(s) or any settlement of accounts by the Borrower(s); (b) Shall be in addition and not in derogation of any other security which the Bank may at any time hold in respect of the said dues; (c) Shall be available to the Bank till all the dues are paid and the Security is expressly released by the Bank.
- (j) The Borrower shall duly and punctually comply with all the terms and conditions of holding the Security and all laws in respect thereof including all applicable rules, regulations and bye-laws applicable to the Security and pay such charges for the upkeep of the Security as also other dues. etc. as may be payable in respect of the Security and/or use thereof and shall forthwith intimate the Bank upon receipt of any legal or regulatory notices including but not limited for attachment or requisition of the Security;
- (k) The Borrower(s) shall not create any further encumbrances on the Security without the prior written consent of the Bank and shall not do any act which would prejudice in any way the Bank's Security or interest. The Borrower(s) shall not grant any rights in respect of the Security, including the right of use to any person;
- (l) The Borrower shall ensure that the value of the Security does not diminish during the Tenure and shall furnish upon

demand additional security in such form and value as may be required by the Bank from time to time in amounts and values sufficient at all time in the opinion of the Bank to secure the payment of the DLOF provided herein and any other obligations of the Borrower to the Bank.

- (m) In the event the Borrower fails to pay when due any sum which it may owe the Bank and the Bank shall commence legal proceedings to recover such sum, the Borrower will further pay the Bank all advances, charges, cost and expenses, including legal fees on actual basis incurred or paid by the Bank in exercising any right. power or remedy conferred by this arrangement, (or in the enforcement thereof shall become a part of the indebtedness secured hereunder and shall be paid to the Bank by the Borrower immediately and without demand) and in the event of the Borrower .
- (n) The Borrower further acknowledges and confirms that the credit of the amounts under the DLOF is solely at the discretion of the Bank and may depend on various factors like, drawings beyond the limit specified in the Schedule, honouring cheques issued for other than the Purpose, classification of the Borrower(s)'s account as a non-performing asset or on account of non-compliance with the terms of sanction. The Bank does not have an obligation to meet further requirements of the Borrower(s) on account of growth in business etc. without proper review of credit limit

## 7. CROSS COLLATERALIZATION

Any security(ies) furnished by the Borrower, under any other agreement entered into or to be entered into with the Lender, shall be deemed to be the security(ies) under this Agreement and shall not be discharged till such time all the loan(s)/ facility(ies) are fully discharged to the satisfaction of the Lender. The Borrower expressly agrees and accepts that in the event of any default being committed by the Borrower under any other agreement with the Lender, under which the Borrower is enjoying financial/ credit facility, such event, shall be considered as an event of default occurred under this Agreement and the Lender, shall be absolutely entitled to exercise all or any of its rights under this Agreement including right to set off in respect of any amount standing to the credit of the Borrower in any/all of the loan/ facility(ies) availed/ to be availed from the Lender.

## 8. EVENTS OF DEFAULT

The occurrence of any one of the following events shall constitute an "Event of Default":

Any violation of covenant of Borrower under this agreement shall also constitute event of default .

- 8.1. At the option of the Bank, and notwithstanding anything contained herein or in any security documents executed by/to be executed by the Borrower(s) in the Bank's favour, the said dues and all of the obligations of the Borrower(s) to the Bank hereunder, shall immediately become due and payable irrespective of any agreed maturity, and the Bank shall be entitled to enforce its Security, upon the happening of any of the following events ("Events of Default"):

### 8.1.1 Non Payment

The Borrower fails to make payment of any amount due and payable pursuant to Finance Document at the place and in the currency in which it is expressed to be payable.

### 8.1.2. Other obligations

- (a) Borrower's death, insolvency, failure in business, commission of an act of bankruptcy, general assignment for the benefit of creditors,
- (b) In case of partnership if the firm is dissolved by any partner and whether the same is under compulsory or voluntary dissolution or the borrower(s) becomes person resident outside india under the provision of foreign exchange management act, 1999;
- (c) If any representations or statements or particulars made in the Borrowers proposal / application are found to be incorrect or the Borrower commits any breach or default in performance or observance of these presents or failure to keep or perform any of the terms or provisions of any other agreement between the Bank and Borrower in respect of the DLOF;
- (d) If there is any deterioration or impairment of the securities (if any given to the Bank as security for the said DLOF or any part thereof or any decline or depreciation in the value or market price thereof (whether actual or reasonably anticipated), which causes the Security in the judgment of the Bank to become unsatisfactory as to character or value;
- (e) If any attachment, distress, execution or other process against the Borrower, or the securities (if any) is enforced or levied upon;
- (f) If a receiver is appointed in respect of the whole or any part of the property / assets of the Borrower;
- (g) If the Borrower ceases or threatens to cease or carry on its business;
- (h) If it is certified by an accountant of a firm of accountants appointed by the Bank (which the Bank is entitled and hereby authorised to do so at any time) that the liabilities of the Borrower exceed the Borrower's assets or that the Borrower is carrying on business at a loss;
- (i) If any circumstance or event occurs which is prejudicial to or impairs or imperils or jeopardize or is likely to prejudice, impair, imperil, depreciate or jeopardize any security given by the Borrower or any part thereof;
- (j) If any circumstance or event occurs which in the Bank's sole opinion, gives reasonable ground that it would prejudicially or adversely affect in any manner the capacity of the Borrower to repay the amounts outstanding under the DLOF or any part thereof;
- (k) If the DLOF is utilised for any purpose other than foe purpose for which it is applied by the Borrower and sanctioned by the Bank,
- (l) Upon happening of any substantial change in the constitution or management of the Borrower without previous written consent of the Bank or upon the Management ceasing to enjoy foe confidence of the Bank;
- (m) If the Borrower fails to create security in favour of the Bank as agreed.



- (n) The Borrower(s) fails to pay to the Bank any amount payable under this Agreement (including the EMRs) on or before the due dates or furnish the Cheques or any other document/ agreement as may be required by the Bank from time to time or if any Cheques are dishonoured or EDI are not acted upon;
- (o) The Borrower(s) resigns, retires or is discharged or removed from the employment he/she was engaged or changes, discontinues his profession on the date of this Agreement;
- (p) The Borrower(s) fails to pay its creditors any sum when due pursuant to court order, decree or judgment to which there lies no right to appeal or the period for exercising any such right to appeal has expired;
- (q) If the Borrower(s), without the prior written consent of the Bank, attempts or purports to create any charge, mortgage, pledge, hypothecation, lien or other encumbrance over the property over which the Security has been or is required to be created or over any part thereof, or create a lease or a right to use such Security or any part thereof by a third person;
- (r) If the Borrower goes into liquidation for the purpose of amalgamation or reconstruction, except with prior written approval of the Bank; On the question whether any of the above events/ circumstances has occurred/ happened, the decision of the Bank shall be final, conclusive and binding on the Borrower.

**8.1.3. Misrepresentation**

Any representation, warranty, statement or declaration provided by the Borrower in any Finance Document to which it is a party, or any other document delivered by or on behalf of it under or in connection with any Finance Document, is or becomes false, misleading or otherwise factually incorrect.

**8.1.4. Insolvency**

- (a) If the Borrower, suspends making payment on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with any one or more of its creditors (or any class of them) with a view to rescheduling any of its Financial Indebtedness or makes a general assignment for the benefit of or composition with its creditors or admits or is ordered to pay any liability and such liability is not paid when due;
- (b) The value of the assets of the Borrower is less than its liabilities;
- (c) A moratorium is declared in respect of any Financial Indebtedness of the Borrower;
- (d) A liquidation order has been passed against the Borrower in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016;
- (e) A resolution plan in respect of the Borrower is not submitted to the adjudicating authority at the end of the insolvency resolution process period under the Insolvency and Bankruptcy Code, 2016;

- (f) An application is filed by any financial creditor or any operational creditor of the Borrower for the insolvency resolution process under the Insolvency and Bankruptcy Code, 2016.

**8.1.5. Insolvency proceedings**

Any corporate action, legal proceedings or other procedure or step is taken by any Person in relation to:

- (a) the suspension of payments, a moratorium of any financial indebtedness, insolvency resolution, liquidation, dissolution, administration, provisional supervision or reorganisation (by way of voluntary arrangement, or otherwise) of the Borrower
- (b) a composition, compromise, arrangement with any creditor of the Borrower or an assignment for the benefit of creditors generally of the Borrower (or a class of such creditors);
- (c) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager, provisional supervisor, insolvency professional or other similar officer in respect of the Borrower or any of its assets;
- (d) enforcement of any Security Interest over any assets of the Borrower .

**8.1.6. Judgments, creditors' process**

Any order of attachment, distress, execution or other similar process is enforced against the Borrower .

**8.1.7. Unlawfulness**

- a) It is or becomes unlawful for the Borrower to perform any of its obligations under any Finance Document to which it is a Party.
- b) Any Finance Document, or any obligation of the Borrower under any Finance Document, is not or ceases to be legal, valid, binding or enforceable.
- c) Any Finance Document ceases to be in full force and effect or is alleged by a party to it to be ineffective for any reason.

**8.1.8. Repudiation**

The Borrower repudiates a Finance Document to which it is a party or evidences an intention to repudiate any Finance Document to which it is a party.

**8.1.9. Expropriation**

Any Governmental Agency (whether de jure or de facto) nationalises, compulsorily acquires, expropriates or seizes all or any part of the business or assets of the Borrower .

**8.1.10. Material Adverse Effect**

The Bank determines in its sole discretion that a Material Adverse Effect exists or could reasonably be expected to occur.

**8.1.11. Material Litigation**

Any litigation, arbitration, investigative or administrative proceeding is current, pending or, to the best of the knowledge of the Borrower, threatened:

- (a) which will restrain the Borrower's entry into, the exercise of any of its respective rights under, or compliance by the Borrower with any of its obligations under, the Finance Documents; or
- (b) which the Bank otherwise reasonably determines has a Material Adverse Effect, or if adversely

determined, could reasonably be expected to have a Material Adverse Effect.

**8.1.12. Material licences**

Revocation, termination or suspension of any authorisation, which may have a Material Adverse Effect on the Borrower.

**8.1.13. Cross Default**

The Borrower expressly agrees and accepts that in the event of any default being committed by the Borrower under any other agreement with the Bank, under which the Borrower is enjoying financial/ credit facility, such event, shall be considered as an event of default occurred under this Agreement and the Bank, shall be absolutely entitled to exercise all or any of its rights under this Agreement including right to set off in respect of any amount standing to the credit of the Borrower in any/all of the loan/ facility(ies) availed/to be availed from the Bank.

- (a) Any financial indebtedness of the Borrower is not paid when due or within any originally applicable grace period.
- (b) Any financial indebtedness of the Borrower is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default, a default or other similar condition or event (however described).
- (c) Any commitment for any financial indebtedness of the Borrower is cancelled or suspended by any of its creditors as a result of an event of default, a default or other similar condition or event (however described).
- (d) Any creditor of the Borrower becomes entitled to declare any financial indebtedness of the Borrower due and payable prior to its specified maturity as a result of an event of default, a default or other similar condition or event (however described).

**8.1.14. Cessation of Business**

The Borrower ceases or threatens to cease carrying on its business.

**8.1.15. Security**

If the security, if any, for the Drop Line Overdraft Facility is in jeopardy or ceases to have effect or if any Finance Document including any security document executed or furnished by or on behalf of the Borrower or the Guarantor becomes illegal, invalid, unenforceable or otherwise fails or ceases to be in effect or fails or ceases to provide the benefit of the liens, rights, powers, privileges or security interests purported or sought to be created thereby or if any such Finance Document shall be assigned or otherwise transferred, amended or terminated, repudiated or revoked without the approval of the Bank.

If any Event of Default or any event which, after the notice or lapse of time or both would constitute an Event of Default shall have happened, the Borrower shall give the Bank notice thereof in writing specifying such Event of Default, or such event. The Borrower shall also promptly inform the Bank if and when any statutory notice of winding-up under the provisions of the Companies Act, 1956 or any other law or of any suit or legal process

intended to be filed / initiated against the Borrower, is received by the Borrower.

**9. ASSIGNMENT AND TRANSFER**

**9.1. CHANGES TO THE PARTIES**

- (a) Assignments and transfers by the Borrower  
The Borrower is not entitled to assign, transfer or novate any of its rights and obligations under the Finance Documents without the prior written consent of the Bank.
- b) Assignments and transfers by the Bank  
The Bank shall have a right to sell or transfer (by way of assignment, securitization or otherwise) the whole or part of the DLOF outstanding dues in such manner and on such terms & conditions as the Bank may decide at its sole discretion without any notice to consent from borrower. The Borrower(s) expressly agrees, in the event of sale or transfer as aforesaid, to accept such person to whom the DLOF is sold or transferred as his/ her lender and make the repayment of the amounts outstanding under the DLOF to such person in the manner directed by the Bank

**9.2. Retention of the Security Interest:**

The Borrower agrees that the Bank (or any nominee of the Bank) may retain any security interest created (or any part thereof) in trust and for the benefit of such assignee (and upon part assignment, in trust and for the benefit of both the Lender and such assignee on a pari passu basis), without the consent of or notice to the Borrower. Upon any such transfer or assignment as contemplated herein, the assignee and the Lender, as the case may be, will be entitled to take any action, including recovery and enforcement of the Lender's rights, in its own name. The Borrower shall continue to be bound by the terms of the Finance Documents notwithstanding such transfer or assignment.

**9.3. Novation:**

If the Bank wishes to novate all or any of its rights, benefits and obligations hereunder (in full or in part) or outstanding dues and/ or commitment and/or outstanding commitment under/in relation to its Commitments under the Facility to one or more banks, financial institutions, non-banking financial companies or any other Person, trust, any association, then such novation shall be made by delivering to the Borrower a notice.

**9.4. Participation:**

The Borrower gives its unconditional consent that the Bank shall be entitled to shift, at its discretion, without notice to the Borrower, from time to time a part or portion of the outstandings in the limit/ s of the Facility (the "Participation") to one or more scheduled commercial banks ("Participating Banks"). Such Participation shall not affect the rights and obligations, inter se the Borrower and the Bank in respect of the Facility, in any manner whatsoever. Such Participation shall be available to the Bank, for and in respect of all additional/ further limits under the Facility, without any confirmation/ consent of or any reference to the Borrower in that behalf. The Borrower shall not have and shall not claim any privity of contract with any such Participating Banks under the Participation and the Bank shall continue to represent the Participating Banks in all respects and for all matters arising out of/relating to the Participation.

**9.5. Inter-branch Transfer:**

The Borrower hereby agrees that the Bank shall be at liberty to transfer the Facility / account of the Borrower from one branch to another branch of the Bank as per the administrative convenience

of the Bank. The Borrower hereby agrees and confirms that such transfer of the Facility / account shall not be considered as closed and all the Finance Documents will continue unaffected until all the amounts remaining unpaid under the Facility / account so transferred to the other branch are repaid in full.

#### **10. REGULATORY DECLARATION**

10.1 Declarations (in case Borrower is a company): By signing this Agreement, the Borrower hereby declares that as at the date hereof, none of its directors or Guarantor (or any of its directors, if applicable) is a director/senior officer of a director/senior officer of a banking company, or in a specified near relation of a director/senior officer of the Lender. Except to the extent disclosed to the Bank, all the Borrower's contracts or agreements with, or any commitments to, any affiliates or group companies (if applicable) are on arm's length basis. Further, no director of the Bank is a director, manager, managing agent, employee or guarantor of the Borrower/its subsidiary/holding company, or holds substantial interest, in the Borrower/its subsidiary/holding company and no directors of any other Bank, including directors of scheduled cooperative bank and directors of subsidiaries/trustees of mutual fund/venture capital funds holds substantial interest or is interested as director or as a guarantor of the Borrower. The Borrower or any directors/ promoters/ associate concerns/ of any of the Borrower (including the Guarantor) are not and, to the best of their knowledge::

- (i) on the Export Credit Guarantee Corporation's (ECGC's) specified approval list; or
- (ii) convicted under the provisions of Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974; or
- (iii) on RBI's wilful defaulters/ caution list; or
- (iv) on the Lender's defaulter list; or
- (v) or not qualified to act as director in accordance with applicable Law.

In case where the above negative confirmations/ declarations are not true, then the Borrower shall provide a written declaration with details of such relationship to the Lender. If the details of such declaration change during the term of the Facility, then the Borrower shall promptly provide a written declaration to the Lender of any such changes.

10.2. The Borrower hereby gives specific consent to the Bank/Lender for disclosing / submitting the 'financial information' as defined in Section 3 (13 ) of the Insolvency and Bankruptcy Code, 2016 ( 'Code' for brief ) read with the relevant Regulations/ Rules framed under the Code, as amended and in force from time to time and as specified there under from time to time, in respect of the Credit/ Financial facilities availed from the Bank/ Lender, from time to time, to any 'Information Utility' ( 'IU' for brief ) as defined in Section 3 ( 21 ) of the Code, in accordance with the relevant Regulations framed under the Code, and directions issued by Reserve Bank of India to the banks from time to time and hereby specifically agree to promptly authenticate the 'financial information submitted by the Bank/Lender, as and when requested by the concerned 'IU'".

#### **11. MISCELLANEOUS**

11.1. All the rights, powers and remedies hereunder shall apply to all past, present and future obligations of the Borrower to the Bank, including those arising under successive transactions which shall

either continue existing obligations, increase or decrease them or from time to time create new obligations after any or all prior obligations have been satisfied. The obligations of the Borrower shall continue notwithstanding the death, incapacity, or bankruptcy of the Borrower, or any other event or proceeding affecting the Borrower.

11.2. The Bank may, at any time, in its own discretion and without giving any reasons and upon written notice mailed or delivered to the Borrower terminate this DLOF agreement and the Facility granted herein. After serving the notice, all debts, liabilities and other obligations of the Borrower to the Bank including interest, and other charges shall become due and payable forthwith. Delivery of such notification by the Bank shall constitute sufficient notice of termination.

11.3 The Bank may exercise a banker's lien or right of set-off with or without notice, with respect to any obligation of the Borrower to the Bank in the same manner as if the obligation were unsecured and shall have a lien on all property or securities of the Borrower in the Bank's possession or custody whether for safe-keeping or otherwise as also whether such security was ear-marked for particular lien. Any forbearance or failure or delay by the Bank in exercising any right, power or remedy hereunder shall not be deemed to be waiver of such right, power or remedy, and any single or partial exercise of any right, power or remedy hereunder shall not preclude the further exercise thereof and every. right and remedy of the Bank shall continue in full force and effect until such right, power or remedy is specifically waived by an instrument in writing executed by the Bank.

11.4. The Borrower do hereby agree that if any cheque is drawn by them on the Bank which is in excess of drawing power under the credit facility granted by the Bank to the Borrower, then in that event, the Bank shall be in its absolute discretion entitled to dishonor such cheque and the Bank's decision will be binding on Borrower.

11.5. The Borrower indemnifies the Bank from and against any loss, damage or other consequences which may arise or result from granting the DLOF to the Borrower or performing any service to the Borrower thereunder. The Borrower shall reimburse the Bank upon demand for any payment, loss and damage which the Bank may make, suffer or sustain by reason or on account thereof. The Borrower shall upon request appear and defend at the Borrower's own cost and expense any action which may be brought against the Bank in connection therewith.

11.6. No delay in exercising or omission to exercise any right, power or remedy accruing/available to the Bank upon any default or otherwise hereunder or any other security documents/ letters of guarantee shall impair or prejudice any such right, power or remedy or shall be construed to be a waiver thereof or any acquiescence therein.

11.7. The Borrower shall execute in favour of the Bank or any nominee of the Bank any further/additional/fresh deeds/documents etc. whenever required by the Bank to do so.

11.8. The Borrower that if during the duration of this agreement, there is significant change in law (such as implementation of GST or any other law) which may result into material economic benefits accruing to the borrower or in tax positions after the effective date of law, then both the parties shall consult promptly in good faith to make necessary revisions and adjustments to the contract as required.

11.9. "If due to any of Borrower action ,AU Small Finance Bank Limited

is not able to take credit/input of the legitimate taxes levied by the borrower in invoice then AU Small Finance Bank Limited has the right to receive back the amount paid by it for any sort of taxes as levied by the borrower."

11.10. All instructions and correspondence relating to any business, the Borrower may have with the Bank are to be sent at the Borrower's risk and the Bank do not assume any responsibility for any inaccuracy, interruption, error or delay or total failure in transmission or delivery by post, telegraph, cable, telex or other written form of electronic communication,

**11.11. Notice**

(a) Every notice, request, demand or other communication to be given by one Party to the other under this Agreement shall:

- (i) be in writing delivered personally or by registered post or through courier.
- (ii) be deemed to have been received when delivered personally, at the time so delivered and if given by registered post/ courier, forty eight (48) hours after it has been put into post/courier.
- (iii) be sent to the Borrower and/or the Bank at their addresses first hereinabove mentioned or to such other address as either Party may in writing hereafter notify to the other Party.

(b) A certificate by an officer of the Bank that the notice was posted or served, as the case may be, shall be final, conclusive and binding on the Borrower.

11.12. Borrower agrees that the statement of account of the Bank and entries made therein shall be prima facie evidence of all the debt and all the amounts payable, in any dispute, litigation initiated by the Bank or the Borrower.

11.13. If at any time, any provision of this Agreement becomes illegal, unenforceable or invalid, then the enforceability of remaining provisions will not be open to challenge.

11.14. The Borrower acknowledges that any sums, interest, default amount including but not limited to any prepayment premium; and the Default Interest Rate, are reasonable and that they represent genuine pre-estimates of the loss which would be incurred by the Bank in the event of non-payment or default by the Borrower in accordance with the terms of this Agreement and other Finance Documents. The Borrower waives any right it may have to raise any claim or defence that such payment is or will be in the nature of a penalty and undertakes not to raise such claim or defence

11.15. The proceeds of the facilities are not to be utilized by the borrower for investments in shares, debentures, advances and inter- corporate loans/ deposits to other companies (including subsidiary and other group companies).

11.16. Any costs in this behalf, whether on account of such sale, assignment or transfer or enforcement of rights and recovery of outstandings and dues, shall be to the account of the Borrower.

**12. GOVERNING LAW AND JURISDICTION**

12.1. This Agreement and all documents executed under/in relation to this Agreement shall be governed by and construed in accordance with the laws of India.

12.2. The Parties hereto expressly agree that all disputes arising out of and/or relating to this Agreement including any collateral document shall be subject to the exclusive jurisdiction of a competent court in Jaipur, Rajasthan and that accordingly any suit, action or proceedings (referred to as "Proceedings") arising out of or in

connection with this Agreement may be brought in such courts or the tribunals and the Borrower irrevocably submits to and accepts the jurisdiction of those courts or tribunals.

12.3. The Borrower irrevocably agrees that the courts at Jaipur only shall have exclusive jurisdiction in respect of any suit, petition, reference or other filing permitted or required to be made pursuant to the Arbitration and Conciliation Act, 1996 in respect of the matters arising out of this Agreement and the Borrower hereby submits to the same.

12.4. The Borrower irrevocably waives any objection now or in future, to the laying of the venue of any Proceedings in the courts and tribunals at Jaipur and any claim that any such Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in the proceedings brought in the courts and tribunals at Jaipur shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction, (subject to the laws of such jurisdiction) by a suit upon such judgment, a certified copy of which shall be conclusive evidence of such judgment, or in any other manner provided by applicable laws.

12.5. The submission to the jurisdiction of the court referred to shall not (and shall not be construed so as to) limit the right of the Bank to initiate proceedings against the Borrower in any other court of competent jurisdiction and nor shall the initiation of proceedings in any one or more jurisdiction (whether concurrently or not) and the Borrower irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of such court or tribunal and the Borrower irrevocably waives any objection it may have now or in the future to the laying of the venue of any proceedings and any claim that any such proceedings have been brought in an inconvenient forum.

12.6. The Borrower hereby consents generally in respect of any proceedings to the giving of any relief or the issue of any process in connection with such proceedings including the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgement which may be made or given in such proceedings.

12.7. To the extent that the Borrower may in any jurisdiction claim for itself or its Assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its Assets such immunity (whether or not claimed), the Borrower hereby irrevocably agrees not to claim and hereby irrevocably waives such immunity.

13. The Borrower undertakes and acknowledges that it is the responsibility of the Borrower to communicate the GSTIN number of particular state for the purpose of billing. In case of unregistered Borrower, the address as given under Borrower's Details would be considered for the purpose of computation of GST. In case of unregistered Borrower, the address as given under Borrower's Details would be considered for the purpose of computation of GST. In case of registered applicants, the address given under Borrower's Details shall be considered as the registered place of business for the purpose of computation of GST. Please note that for the purpose of this agreement, registered applicant would mean a person registered under the GST Act.

14. For the purpose of this clause, the term 'GST' shall include the Central Goods and Services Tax ('CGST'), the State Goods and Services Tax ('SGST'), Integrated Goods and Services Tax ('IGST'), Union Territory Goods and Services Tax ('UTGST') and any other

taxes levied under the GST related legislations in India as may be applicable. The term 'GST' legislation/s' should be accordingly interpreted.

15. The Borrowers and the Guarantors confirm that the Lender may for the purposes of credit reference checks, verification, assignment, etc. disclose any information/documents relating to the Borrowers and the Guarantors (pertaining to the Facility availed by the Borrower) to any third party appointed by it. The Borrowers and the Guarantors further authorize the Lender to disclose said information /documents to RBI, income tax authorities, credit bureau, third parties, credit rating agencies, databanks, corporates, banks, financial institutions or any other government or regulatory authorities, statutory authorities, quasi-judicial authorities.
16. All matters, questions, disputes, default, differences and/or claims arising out of and/or concerning and/or in connection and/or in consequence of breaches, termination or invalidity thereof or relating to this Agreement, whether or not obligations of either or both parties under this Agreement be subsisting at the time of such dispute and whether or not this agreement has been terminated or purported to be terminated or completed shall be settled by arbitration in accordance with the provisions of Arbitration and Conciliation Act, 1996 or any statutory amendment thereof and shall be referred to the sole arbitrator to be nominated by the Lender/ Bank. The award given by the sole arbitrator shall be final and binding on all parties to this Agreement. The seat of arbitration shall be Jaipur, Rajasthan and the cost of arbitration shall be solely

borne by the Borrower. In respect of the matters where it is determined in an arbitration proceeding conducted in accordance with the preceding paragraph that (i) the arbitration proceeding provided in such paragraph is unenforceable; or (ii) the subject matter thereof is non-arbitrable under the Indian Arbitration and Conciliation Act 1996, as amended, in such a situation, courts in Jaipur, India will have exclusive jurisdiction in relation to such matters, each party irrevocably waives any right it may have to object to an action being brought in any of those courts, to claim that the action has been brought in an inconvenient forum or to claim that those courts do not have jurisdiction.

17. The terms and conditions of this Agreement is adhered with the terms and conditions of the Recovery Policy as per the RBI circular wherein parties will be abide by provisions regarding
- (i) notice period before taking possession
  - (ii) circumstances under which the notice period can be waived
  - (iii) the procedure for taking possession of the security
  - (iv) a provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property
  - (v) the procedure for giving repossession to the borrower and
  - (vi) the procedure for sale / auction of the property.
18. Bank shall be entitled to contact the Borrower and the Guarantor for any promotional campaign/offers through any electronic media including WhatsApp. Timely repayment of the loan facility is essence of this contract.

## DECLARATION

I/We \_\_\_\_\_ (hereinafter referred as the "borrower") hereby declare that, I/We have fully read and understood and were explained about the loan agreement, and I accept and agree to all contents and terms and conditions/ general notes mentioned in the agreement from page 78 to 89 and all paragraphs/clauses from 01 to 18 and schedule and also confirm to abide by same and the aforesaid other documents. Pursuant to the same the aforesaid person(s) is / are affixing his / her / their signature(s) / thumb impression(s) as given herein below.

I/ We confirm that whatever i have stated hereinabove is true and correct to the best of my knowledge and belief and I/we enter into this agreement voluntarily, with full knowledge of its effect and signing of this document shall construed as signing of each and every page of loan agreement and all other documents.

### DECLARATION IF THE BORROWER(S) SIGNS IN VERNACULAR LANGUAGE

The contents of the Loan Application, Agreement, power of attorney, memorandum of deposit of title deeds, declaration and promissory note have been explained by me to the applicant/co-applicant in \_\_\_\_\_ (name of language in which applicant signed and the same have been understood by the applicant/co-applicant).

मैंने आपके बैंक में लोन के लिए आवेदन किया है। और मैंने एग्रीमेंट की अंग्रेजी भाषा को पढ़ लिया है / समझ लिया / समझा दिया गया है और मेरे को मान्य है। मैं अपने हस्ताक्षर हिन्दी में करता / करती हूँ या अँगूठा लगाता / लगाती हूँ।

In case of a Individual Borrower  
For Individual (Name of Borrower)

Date:  
Place:

**In case of Partnership Firm**

For \_\_\_\_\_  
\_\_\_\_\_(Name of the Partnership Firm)  
(Partners)

**In case of Proprietorship Concern**

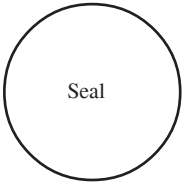
For \_\_\_\_\_(Name of the Proprietorship Concern).  
the above mentioned Borrower  
(Proprietor)

**In case of HUF** \_\_\_\_\_ as the Karta of the (HUF)  
The above mentioned Borrower (Karta)

In case of society

SIGNED AND DELIVERED by Within Name Borrower M/S \_\_\_\_\_  
through the hands of its duly authorized signatory Mr. \_\_\_\_\_(Designation)  
in the presence of Mr. \_\_\_\_\_

SIGNED AND DELIVERED by Within Name Co-Borrower M/S \_\_\_\_\_  
through the hands of its duly authorized signatory Mr. \_\_\_\_\_(Designation)  
in the presence of Mr. \_\_\_\_\_

	)	The Common Seal of [_____]
	)	has been affixed hereunto
	)	pursuant to the Resolution of the Board of Directors/Shareholders
	)	dated [_____] day of [_____],
	)	[_____] in the presence of:
	)	1.
)	2.	
)	3.	
)	4.	
)	5.	
)	the Director/s and /or the [_____] who have in token thereof,	
)	subscribed their Signature hereto.	

Acknowledged by within named AU Small Finance Bank Limited By  
the hand of its Authorized Signatory/ Constituted Attorney

**Drawdown Schedule**

Drawdown Start Date	
Next Tranche Date	
Next Tranche Date	
Next Tranche Date	
Drawdown End Date	



**SCHEDULE**

Date and Place of Execution of the Agreement	
Address of the concerned Branch:	
Borrower(s) Details	a. Name:
	b. Address:
Guarantor(s) Details:	a. Name: _____
	Address: _____
	_____
Sanction/ Facility Letter (Date / Reference #):	
Particulars of the DLOF:	<p>a. Purpose:</p> <p>b. Initial Dropline Overdraft Limit / Dropline Limit: Rs.</p> <p>c. Equated Monthly Reduction (EMR): Rs.</p> <p>d. Drop line Date: For cases disbursed up to month and for cases disbursed after _____</p> <p>e. Rate of Interest _____ / MCLR + _____ Margin _____ % at monthly / quarterly rests</p> <p>The interest rate is subject to variation in consonance with RBI directions, statutory and regulatory requirements, conditions of money market, availability of loanable funds etc. Base Rate and Margin are subject to change from time to time.</p> <p>Fixed <input type="checkbox"/> Variable <input type="checkbox"/></p> <p>f. Default Intrest Rate _____</p> <p>g. Mode of Availing the DLOF/ Mode of Disbursement: Credit of the amounts to the current account no. _____ of _____ (Name of the Borrower) maintained with _____ bank at its branch situated at _____</p> <p>h. Charges for Late Payment of EMR /Penal Inerest : _____-% per month on overdue EMR amount .</p> <p>i. PDC(s) Details</p> <p>j. Tenure : _____</p> <p>k. Charges : Agri Business Service Charges and Schedule of charge mentioned on the website of the Bank.</p> <p>l. Security and Ranking:</p> <p>m. Jurisdiction: Jaipur Rajasthan</p> <p>n. copy of this agreement is uploaded on the Bank's website.</p>

## (Example of SMA, NPA Classification and NPA Upgradation of Term Loan Cases)

### Example No. - 2 (Revolving Facility like Cash Credit / Overdraft)

"IRAC Circular Refer Para No. 2.1.2 (ii) - the account remains 'out of order' as indicated at paragraph 2.2 below, in respect of an Overdraft/Cash Credit (OD/CC)" Para No. 2.2 (Part 1) - An account should be treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power for 90 days."

**Example Description** - SMA and NPA Classification on Revolving Facility like Cash Credit / Overdue cases based on Out of Order (Part 1).

"Example: If outstanding balance is in excess of sanctioned limit/drawing power of a revolving facility like cash credit / overdraft account is March 31, 2021, and amount are not received before the lending institution runs the day-end process for this date, the date of overdue shall be March 31, 2021. If it continues to remain excess of sanctioned limit/drawing power, then this account shall get tagged as SMA-1 upon running day-end process on April 30, 2021 i.e. upon completion of 30 days of being continuously in excess of sanctioned limit/drawing power. Accordingly, the date of SMA-1 classification for that account shall be April 30, 2021." Similarly, if the account continues to remain in excess of sanctioned limit/drawing power, it shall get tagged as SMA-2 upon running day-end process on May 30, 2021 and if continues to remain in excess of sanctioned limit/drawing power further, it shall get classified as NPA upon running day-end process on June 29, 2021. This is further elaborated as below mentioned table:"

Date	DPD	Classification
"31-Mar-21 "(Outstanding Balance is Excess of Sanction Limit / Drawing Power*)"	1	
30-Apr-21	31	SMA-1
30-May-21	61	SMA-2
29-Jun-21	91	NPA

\* Outstanding Balance can be treated in Excess of Sanctioned Limit / Drawing Power if any Revolving facility (i.e. Overdraft / Cash Credit) Limit provide by bank is Rs. 1 Lacs and Utilization of customer is more than Rs. 1 Lacs

**IRAC Circular Refer Para No. 4.2.5** - If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as 'standard' accounts.

**Example Description - Upgradation of NPA Account:** loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower and all the excess amount of limit sanctioned to borrower is also paid.

Date	DPD	Classification
"31-Mar-21 "(Outstanding Balance is Excess of Sanction Limit / Drawing Power*)"	1	
30-Apr-21	31	SMA-1
30-May-21	61	SMA-2
29-Jun-21	91	NPA
30-Jun-21		Upgrade**

\* Outstanding Balance can be treated in Excess of Sanctioned Limit / Drawing Power if any Revolving facility (i.e. Overdraft / Cash Credit) Limit provide by bank is Rs. 1 Lacs and Utilization of customer is more than Rs. 1 Lacs (say Rs. 1,10,000)

\*\*Upgradation of Account to standard is Possible after excess amount of limit is received from borrower of Rs. 10,000 and entire arrears of interest and principal are paid by the borrower



**Example No. - 3 (Revolving Facility like Cash Credit / Overdraft)**

"IRAC Circular Refer Para No. 2.1.2 (ii) - the account remains 'out of order', in respect of an Overdraft/Cash Credit (OD/CC)"Circular refer Para No. 6 (ii) - An account should be treated as 'out of order', the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days, or the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited during the previous 90 days period"

**Example Description** - NPA Classification on Revolving Facility like Cash Credit / Overdue cases based on Out of Order .

**Example:** If Prior 90 Days Interest charged/debited in revolving facility like cash credit / overdraft account is more than credit received on account then it shall get classified as NPA upon running day-end process as on Date. The same is explain as below mention table:

Date	Transaction Detail	Amount	Classification
1-Jan-21	Customer Use the Limit of Cash Credit / Overdraft Account	100000	
31-Jan-21	Debit Interest	1500	
15-Feb-21	Customer paid the amount	2000	
28-Feb-21	Debit Interest	1500	
31-Mar-21	Debit Interest	1700	NPA*

\* NPA is classified due to Interest Charged in last 90 Days is Rs. 4700 (i.e. 1500 + 1500 + 1700) and Credit are received only is Rs. 2000. which is less than the interest charged

**IRAC Circular Refer Para No. 4.2.5** - If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as 'standard' accounts.

**Example Description** - Upgradation of NPA Account: loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower and last 90 Days' interest should be less than credit received during the same period.

Date	Transaction Detail	Amount	Classification
1-Jan-21	Customer Use the Limit of Cash Credit / Overdraft Account	100000	
31-Jan-21	Debit Interest	1500	
15-Feb-21	Customer paid the amount	2000	
28-Feb-21	Debit Interest	1500	
31-Mar-21	Debit Interest	1700	NPA*
30-Apr-21	Debit Interest	1750	
10-May-21			Upgrade**

\* NPA is classified due to Interest Charged in last 90 Days is Rs. 4700 (i.e. 1500 + 1500 + 1700) and Credit are received only is Rs. 2000. which is less than the interest charged

\*\*Upgradation of Account to standard can be done after Last 90 Days Interest charged are less than credit received and all interest arrear is recovered i.e. Interest Charges is Rs. 6450 (i.e. 1500+1500+1700+1750) and Credit is Rs. 2000. However, borrower need to pay Rs. 4450 (i.e. 6450 - 2000)

**Example No. - 4 (Stock Statement - Cash Credit Account)**

**"IRAC Circular Reference Para No. 4.2.4 (a & b)** - Accounts with temporary deficiencies“Para No. 4.2.4 (a) - Banks should ensure that drawings in the working capital accounts are covered by the adequacy of current assets, since current assets are first appropriated in times of distress. Drawing power is required to be arrived at based on the stock statement which is current. However, considering the difficulties of large borrowers, stock statements relied upon by the banks for determining drawing power should not be older than three months. The outstanding in the account based on drawing power calculated from stock statements older than three months, would be deemed as irregular.“Para No. 4.2.4 (b) - A working capital borrowal account will become NPA if such irregular drawings are permitted in the account for a continuous period of 90 days even though the unit may be working or the borrower’s financial position is satisfactory.”

**Example Description** - NPA Classification on Cash Credit account based on Stock Statement is not Updated.

**Example:** If Stock statement is received of a cash credit account as on March 31, 2021, and further updated stock statement is not received . It shall get classified as NPA upon running day-end process on September 27, 2021. The same is explained in below mention table:

Date	Classification
"31-Mar-21 "(Stock Statement Received)"	
27-Sep-21	NPA

**"IRAC Circular Refer Para No. 4.2.5** - If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as ‘standard’ accounts.“"

**Example Description** - Upgradation of NPA Account: loan accounts classified as NPAs may be upgraded as ‘standard’ asset only if entire arrears of interest and principal are paid by the borrower and received updated stock statement (i.e. Stock Statement Date should be between last 179 days)

Date	Classification
"31-Mar-21 "(Stock Statement Received)"	
27-Sep-21	NPA
25-Oct-21	Upgrade*

\*Upgradation of Account to standard is Possible after receiving updated stock statement (The Date of Stock Statement between 29-4-2021 to 25-10-2021) and entire arrears of interest and principal are paid by the borrower.

**Example No. - 5 (Renewal Due - Revolving Facility)**

**"IRAC Circular Reference Para No. 4.2.4 (c)** - Accounts with temporary deficiencies“Para No. 4.2.4 (c) - Regular and ad hoc credit limits need to be reviewed/ regularised not later than three months from the due date/date of ad hoc sanction. In case of constraints such as non-availability of financial statements and other data from the borrowers, the branch should furnish evidence to show that renewal/ review of credit limits is already on and would be completed soon. In any case, delay beyond six months is not considered desirable as a general discipline. Hence, an account where the regular/ ad hoc credit limits have not been reviewed/ renewed within 180 days from the due date/ date of ad hoc sanction will be treated as NPA."

**Example Description** - NPA Classification on Revolving facility based on renewal is not to be reviewed.

**Example:** If Renewal is due of a revolving facility account as on March 31, 2021, and further renewal of account is not done. It shall get classified as NPA upon running day-end process on September 27, 2021. It is further explained in below mention table:

Date	Classification
"31-Mar-21 "(Renewal Due Date)"	
27-Sep-21	NPA

**IRAC Circular Refer Para No. 4.2.5** - If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as ‘standard’ accounts.

**Example Description** - Upgradation of NPA Account: loan accounts classified as NPAs may be upgraded as ‘standard’ asset only if entire arrears of interest and principal are paid by the borrower and updated renewal done (i.e. Renewal Date should be between last 179 days)

Date	Classification
"31-Mar-21 "(Stock Statement Received)"	
27-Sep-21	NPA
25-Oct-21	Upgrade*

\*Upgradation of Accounts to standard can be done post renewal (The Date of Renewal between 29-4-2021 to 25-10-2021) and after entire arrears of interest and principal are paid

**Example No. - 6 (Credit Card)**

**IRAC Circular Reference Para No. 4.2.19.2** - A credit card account will be treated as non-performing asset if the minimum amount due, as mentioned in the statement, is not paid fully within 90 days from the payment due date mentioned in the statement.

**Example Description** - NPA Classification on credit card.

**"Example Detail:** If there is Minimum Amount due (MAD) of a credit card account as on March 31, 2021, and MAD are not received before the lending institution runs the day-end process for this date, the date of overdue shall be March 31, 2021. If it continues to remain overdue, then this account shall get tagged as SMA-1 upon running day-end process on April 30, 2021 i.e. upon completion of 30 days of being continuously overdue. Accordingly, the date of SMA-1 classification for that account shall be April 30, 2021. "Similarly, if the account continues to remain overdue, it shall get tagged as SMA-2 upon running day-end process on May 30, 2021 and if continues to remain overdue further, it shall get classified as NPA upon running day-end process on June 29, 2021. It is further elaborated in below mention table:"

Date	Reporting Date MAD Amount	DPD	Classification
"31-Mar-21 "(MAD Due Date)"	1000	1	
30-Apr-21	2000	31	SMA-1
30-May-21	3000	61	SMA-2
29-Jun-21	4000	91	NPA

**IRAC Circular Refer Para No. 4.2.5** - If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as 'standard' accounts.

**Example Description** - Upgradation of NPA Account: loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears (MAD amount) of interest and principal are paid by the borrower

Date	Reporting Date MAD Amount	DPD	Classification
"31-Mar-21 "(MAD Due Date)"	1000	1	
30-Apr-21	2000	31	SMA-1
30-May-21	3000	61	SMA-2
29-Jun-21	4000	91	NPA
30-Jun-21	4000		Upgradation*

\*Upgradation of Account to standard is Possible after total pending MAD due of Rs. 4000 is received from borrower

**2. IRAC Circular Reference Para No. 4.2.7 (c)** - Asset Classification to be borrower-wise and not facility-wise"Para No. 4.2.7.1 -It is difficult to envisage a situation when only one facility to a borrower/one investment in any of the securities issued by the borrower becomes a problem credit/investment and not others. Therefore, all the facilities granted by a bank to a borrower and investment in all the securities issued by the borrower will have to be treated as NPA/NPI and not the particular facility/investment or part thereof which has become irregular.

**Example Description** - NPA Classification on based on borrower wise and not facility wise.

**Example:** If any Facility of customer is classified as NPA upon running day-end process as on date, all the facility of the customer need to be classified NPA upon same day. It is further explained as below mention table:

Customer ID	Facility Name	Date	NPA Reason
A	Term Loan 1	29-Jun-21	NPA Classified as per above Example
A	Term Loan 2	29-Jun-21	NPA Classified Due to Customer A Term Loan 1 is classified NPA
A	Cash Credit / Overdraft	29-Jun-21	NPA Classified Due to Customer A Term Loan 1 is classified NPA

**IRAC Circular Refer Para No. 4.2.5** - If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as 'standard' accounts.

**Example Description** - **Upgradation of NPA Account:** loan accounts classified as NPAs may be upgraded if arrears of interest and principal are repaid in all the facilities of the borrower

Customer ID	Facility Name	Date	NPA Reason
A	Term Loan 1	29-Jun-21	NPA Classified as per above Example
A	Term Loan 2	29-Jun-21	NPA Classified Due to Customer A Term Loan 1 is classified NPA
A	Cash Credit / Overdraft	29-Jun-21	NPA Classified Due to Customer A Term Loan 1 is classified NPA
A	Term Loan 1	15-Jul-21	Upgrade*
A	Term Loan 2	15-Jul-21	Upgrade*
A	Cash Credit / Overdraft	15-Jul-21	Upgrade*

\*Upgradation of Borrower's accounts to standard can be done if arrears of interest and principal are repaid in all the facilities of the borrower