

WORKING CAPITAL FACILITY AGREEMENT

THIS **WORKING CAPITAL FACILITY AGREEMENT (“Facility Agreement”)** is made on the day, month and year set out in Schedule 4 hereof between the Borrower, being the person(s) named in Schedule 4 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)) and co-borrower, if any), of the **ONE PART**

AND

AU SMALL FINANCE BANK LIMITED, CIN: L36911RJ1996PLC011381, a scheduled commercial bank under second schedule of Reserve Bank of India Act 1934 and a small finance bank under Section 22 of Banking Regulation Act 1949 and having its registered office at 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur- 302001, Rajasthan and amongst others, a branch / office at the place specified in the Schedule 4 hereof (hereinafter referred to as the **“Lender/Bank”** 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 **OTHER PART**.

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:

“Account” shall have the meaning ascribed to the term in clause 3 of this Facility Agreement.

“Additional Provisions related to LC/BG Facilities ” means the additional provisions as set out in **Schedule 3**.

“Additional Provisions related to Short Term Working Capital Demand Loan” means the additional provisions as set out in **Schedule 3A**

“Applicable Law” all the applicable acts, rules, regulations made therein, in India.

“Actual Security Margin” means, at any relevant time, Total Value of Security divided by the outstanding Obligations (in absolute terms).

“Applicable Interest Rate” means the Interest Rate, the Reset Interest Rate or the Revised Interest Rate as the case may be.

“Authorisation” means an authorisation, consent, approval, resolution, license, exemption, filing, notarisation, lodgement or registration; or in relation to anything which will be fully or partly prohibited or restricted by Law or regulation.

“Bank Guarantee(s)” or **“BGs”** shall have the meaning ascribed to term in Part B of Schedule 3 hereof.

“Benchmark Rate ” means 12-month average of 1-year T-Bill **or any other benchmark rate (“EBR/MCLR”) as specified in the Sanction Letter.**

“Board” shall mean the board of directors of the Borrower.

“Borrower” shall mean the person(s) named in the Schedule 4 to the Facility Agreement.

“Borrower’s Loan Assets” shall mean the loans granted/to be granted by the Borrower to borrowers of the Borrower and which fulfil the Selection Criteria as defined in the Sanction Letter.

“Business Day” means any day of the week (excluding Saturdays, Sundays and public holidays) on which commercial banks are open for business in Jaipur, Rajasthan.

“CIBIL” means TransUnion CIBIL Limited.

“Control” shall have the meaning ascribed to the term under the Companies Act, 2013 as amended from time to time.

“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.

“CRILC” shall mean Central Repository of Information on Large Credits.

“Drawing Power” in connection with the relevant Facilities, shall mean the drawing power of the Borrower to make drawals 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 Lender for such of the Facilities as drawn by the Borrower less the corresponding Margin.

“Deed of Hypothecation” shall mean the Deed of Hypothecation executed between the Borrower and Lender/Security Trustee.

“Default” or **“Event of Default”** means an event of default or any event or circumstance specified in Clause 8 (*Events of Default*) which would (with the expiry of a cure period, if any,) be or become an

Event of Default.

"Default Interest" shall have the increased interest rate in the Event of Default as mentioned in Schedule 4.

"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 Finance Documents.

"DLOF" means the overdraft facility granted by the Lender to the Borrower and linked to the Account upto the Dropline Limit which limit shall be subject to Equated Monthly Reduction as appearing in the Schedule 4.

"Equated Monthly Reduction" "EMR" shall mean the amount deducted every month on such date/ s specified in the Schedule 4 with respect to the DLOF herein granted.

"Facilities"/"Facility" shall have the meaning ascribed to the term under Clause 2.2 of this Facility Agreement.

"Facility Office" means the office or offices notified by the Lender to the Borrower through which the Lender will perform its obligations under this Facility Agreement.

"Final Settlement Date" means any date on which all the outstandings in relation to the Facilities under the Finance Documents have been irrevocable and unconditionally paid and discharged in full to the satisfaction of the Lender.

"Finance Documents" means collectively this Facility Agreement, Sanction Letter, Deed of Hypothecation, Security Trustee Agreement if any, the Guarantee, all other agreements, instruments, 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 or the Guarantor, or as the case may be, any other person, in relation, or pertaining, to the transactions contemplated by, or under this Facility Agreement, and each such Finance Documents as amended from time to time.

"Financial Indebtedness" shall mean any indebtedness for or in respect of monies borrowed or deposits or advances of any kind;

"Financial Statements" shall mean financial statements as defined in Sanction Letter.

"Financial Year" means the accounting period commencing from April 1 of each year till March 31 of the next year or the accounting period commencing from January 1 of each year till December 31 of the same year, as applicable.

"GAAP" means generally accepted accounting principles, standards and practices in India.

"Governmental Agency" means any government (central or state); or any governmental agency, semi-governmental, quasi-governmental, regulatory entity, supervisory body or judicial or quasi-judicial or administrative entity, department or authority, or any political subdivision thereof, including, without limitation, any stock exchange or self-regulatory organization, established under the Applicable Law.

"Guarantee" shall mean the corporate/ personal guarantee for the Facility as provided by the Guarantor.

"Guarantor" shall mean the Person as detailed in Schedule 4 who is providing the Guarantee.

"INR" or "Rupees" means the lawful currency of the Republic of India.

Interest shall have the meaning assigned to such term in clause 4.

"Interest Payment Date" shall mean the Due Date as mentioned in Schedule 4 or any other period as may be agreed between the Borrower and the Lender.

"Interest Rate" shall mean the rate of interest per annum as provided in Schedule 4 of this Facility Agreement.

"Interest Reset Date" means the date after the first Drawdown Date as provided in Schedule 4 of this Facility Agreement and thereafter, such other dates as may be mutually agreed between the Borrower and the Lender.

"Limits" shall have the meaning ascribed to it in Clause 2.8 (a) hereof.

"Law(s)" means all applicable central and state Acts, rules, regulations made therein and any other laws in force for the time being.

"Listed Loan Assets of Borrower" shall mean the Borrower's Loan Assets listed in the statement given by the Borrower to the Lender/Security Trustee, if any, along-with this Facility Agreement and which is revised every quarter and which shall include Borrower's Loan Assets substituted by the Borrower in place of such Listed Loan Assets of the Borrower that have become a Non-Current Asset (as defined below).

“Letter(s) of Credit” or **“LC”** shall have the meaning ascribed to term in Schedule 3 (Additional Provisions Relating to Specific Products) hereof.

“Material Adverse Effect” means a material adverse effect on the condition (financial or otherwise), assets, operations, prospects or business of the Borrower (taken as a whole) the ability of the Borrower to perform substantially all of its obligations under any Finance Document; or the validity, legality or enforceability of, or the material rights or remedies of the Lender under any Finance Documents or any material litigation against the Borrower or Revocation, termination or suspension of any Authorisation of the Borrower.

“MCLR” shall mean the “marginal cost of funds based lending rate” of the Lender for [●maturity [●](months /year MCLR)], 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 Lender, as reset from time to time and as revised in accordance with this Facility Agreement.

“Non-current Asset” for the purpose of this Facility Agreement shall mean the Borrower’s Listed Loan Assets the equated monthly installment of which has remained due and unpaid for one (1) or more days or as mentioned in the Sanction Letter.

“Obligations” means at any time all the amounts payable by the Borrower to the Lender in relation to the Facility, pursuant to the terms of the Finance Documents (in each case, whether alone or jointly, or jointly and severally, with any other Person, whether actually or contingently, and whether as principal, surety or otherwise).

“Obligor” shall mean, collectively, the Borrower, the Security Providers and any other person which undertakes any obligation in accordance with the terms of the Finance Documents.

“Overall Limits” shall have the meaning ascribed to the term under Clause 2.1 hereof.

“Outstanding Amounts/Obligations” means at any time all the amounts payable by the Borrower to the Lender in relation to the Facility, pursuant to the terms of the Finance Documents (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise).

“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.

“Purpose” shall mean the purpose(s) for which the Facilities have been availed of by from the Lender and as more particularly specified in the Sanction Letter and Schedule 4 hereof.

“RBI” means the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934.

“Receivables” means the monies/receivables (net of financial charges, NPAs, other charges etc.) payable by the borrower(s) of the Borrower to the Borrower under the Borrower’s Loan Documents and includes Principal, interest amount, overdue interest, any other interest, service charges, account charges or other similar amounts or any other amount payable or received under the Borrower’s Loan Documents in line with Selection Criteria as defined in Sanction Letter. Receivables shall also include Receivables substituted by the Borrower in place of Receivables that have become Non-current Asset during the subsistence of this Facility Agreement, additional Receivables provided by the Borrower in the event of the value of total Receivables, during the subsistence of this Facility Agreement, falls less than the Required Security Margin and also Receivables created by the Borrower in terms of Schedule 4 herein.

“Representations and Warranties” means and refers to the representations and warranties in **Schedule 1 (Representations and Warranties)**.

“Required Security Margin” shall mean the required security margin as specified in Schedule 4.

“Sanction Letter” shall mean the letter as of the date specified in Schedule 4 hereof in connection with sanction of the Facility, and as amended from time to time.

“Security” shall mean all the Security Interest and rights created or to be created in terms of the Finance Documents.

“Security Interest” means any mortgage, pledge, lien, charge, assignment, hypothecation, security interest, or any other agreement or arrangement having the effect of creating an encumbrance.

“Security Provider” shall have the person referred in Schedule 4.

“Spread” means the difference between the Benchmark Rate/MCLR and the Interest Rate or such other rate as may be specified by the Lender to the Borrower.

“Tax” means all applicable taxes, levy, impost, duty or any other charges under Applicable Law.

“**Tenor**” means the period as provided in Schedule 4 of this Agreement.

“**Third Party**” means any Person that is not a signatory to this Facility Agreement.

“**Total Value of Security**”, on any particular date, shall mean the aggregate value of the Receivables. The aggregate value of Receivables for the purpose of this definition shall be computed by aggregating the principle amount outstanding under the Listed Loan Assets of the Borrower.

“**Security Trustee**” means the trustee as specified in Schedule 4 hereto holding on first pari passu charge in favour of the Lender over the Receivables of the Borrower.

“**Security Trustee Agreement**” means the security trustee agreement dated as mentioned in Schedule 4 and as amended, acceded and supplemented from time to time.

“Schedules” shall form part and parcel of this Agreement

1.2 Interpretation

- (a) The Schedules constitute an integral and operative part of this Facility Agreement.
- (b) The word “**drawals**”, “**draw**” and “**drawn**” shall include disbursements / drawings from time to time under the relevant Facilities.
- (c) Any consent, approval, determination, waiver or finding to be given or made by any Lender shall be made or given by the Lender in its sole discretion.
- (d) In the event of any disagreement or dispute between any Obligor and the Lender regarding the materiality of any matter, the opinion of the Lender in relation to the materiality shall be final and binding on the Obligor.
- (e) Where any statement in this Facility Agreement is qualified by the expression “**to the knowledge**” or “**to the best of the knowledge or information or belief**” or any similar expression, that statement shall, be deemed to mean that it has been made after due and careful inquiry by the person making such statement. 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 decision of the Lender shall prevail to all intents and purposes.

2 FACILITY

2.1 The Borrower agrees to avail from the Lender and the Lender agrees to grant/extend to the Borrower various working capital facilities as specified in the Schedule 4 upto overall limits (“**Overall Limits**”) in the aggregate not exceeding amounts specified in the *Schedule 4*, hereof/Sanction Letter, subject to the terms and conditions contained in the Finance Documents. The Facilities shall be interchangeable at the sole discretion of the Lender within the Overall Limits.

If the Facility(ies) is/are disbursed in multiple tranches in multiple accounts, the Interest Rate applicable to each of such tranche will be decided at the time of disbursement of such tranche, as may be stipulated in the Sanction Letter.

2.2 The aforesaid working capital facilities upto the amounts specified above are hereinafter referred to as the “**Facilities**”, which expression shall, as the context may permit or require, mean any or each of such Facilities, or so much thereof as may be outstanding from time to time. The Facilities are payable on demand.

2.3 The Borrower shall pay to the Lender 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 Lender 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 Lender.

2.4 The Borrower unconditionally agrees, undertakes and acknowledges that the Lender 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 Lender shall endeavour to provide prior intimation of the same to the Borrower. The Obligors agree that the Facility are repayable unconditionally on demand made by the Lender at the Lender’s absolute discretion and without giving any reasons whatsoever. The Obligors will be provided a notice to repay the Facility together with all amounts due including interest accrued, charges, dues, levies, expenses, claims, costs and fees thereon or otherwise in relation to this Agreement till the date of actual realization. Upon receipt of such notice the Obligors shall forthwith repay the Facility to the Lender.

2.5 The Borrower unconditionally agrees, undertakes to get Facility rated by Credit Rating Agency/ies

within a period of 6 (six) months and/or at such intervals as may be decided by the Lender, failing which the Lender shall have the right to review the applicable interest rate and/or costs, charges and expenses, which shall be payable by the Borrower/Obligor/Security Provider and on such date(s) or within such period as may be specified by the Lender.

2.6 The Borrower covenants that the Borrower shall deliver to the Lender, if the Lender so requires, a certificate from practicing chartered accountant to the effect that the Facilities have been utilised for the Purpose, within such time and in such manner as may be acceptable to the Lender.

2.7 The Lender may grant/extend any Facility to the Borrower at its sole discretion. Notwithstanding anything contained herein, it is hereby expressly agreed and understood by the Borrower, that the Lender shall not be bound or obliged to grant any Facility to the Borrower, even if such request for Facility is within the Overall Limits, (which decision shall be at the sole and exclusive discretion of the Lender). It is also agreed by the Parties hereto that in the event the Lender does not grant the Facility to the Borrower, the Lender shall not be required to provide any reasons therefor nor shall the Lender be liable for any damages to the Borrower by reason of the Lender refusal to grant any Facility to the Borrower.

2.8 (a) Only Applicable for Cash Credit Facility:

1. The amounts upto which the Borrower can draw under each of such Facilities shall not, at any one time, exceed sums / limits ("**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.
2.)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.
3. In the event any monies are remaining due and payable by the Borrower to the Lender, under the Finance Documents or otherwise, the Lender 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.
4. The Borrower shall at all times confine the draws out of the relevant Facilities within the respective Drawing Power. Provided that the Lender 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 Lender. Provided, further that the grant of such excess drawings to the Borrower shall be liable to be suspended / discontinued / revoked by the Lender without any notice to the Borrower.
5. The Borrower shall repay all such excess drawings on demand unless otherwise specified by the Lender. Till repayment of such excess drawings, the excess drawn amounts shall carry interest at the Default Interest. All the provisions of the Finance Documents and all securities created, if any, pursuant to the Facility Agreement will extend to cover such excess drawings. The Borrower shall ensure that all interest/ fees/charges debited to the borrower's account is cleared on their respective due date.

(b) Only Applicable for Dropline Overdraft Facility:

1. The DLOF shall be available for the Tenure and the Purpose mentioned in the Schedule 4 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 4 ("Dropline Limit") The Operating Limit shall automatically stand reduced to the extent and in the manner provided in Sanction Letter. The Borrower can avail the DLOF from a designated Account of the Borrower maintained with the Bank in its name.
2. The DLOF may, without prior notice, be modified, reduced or cancelled, in whole or in part, at Bank's sole discretion, whereupon all outstanding amounts owing under the DLOF shall become immediately due and payable, forthwith on demand. The DLOF is subject to review at any time or a periodic review at Bank's discretion.
3. Mode of disbursement shall be in form of setting up of the Dropline Limit in the Borrower's Account, as per the request made by Borrower in writing. Disbursement shall be deemed to have been made to the Borrower on the date of setting up of the Dropline Limit in Borrower's Account.

4. The amounts up to which the Borrower can draw under the DLOF shall not at any time exceed the Dropline Limit, however the Dropline Limit may be extended at the sole discretion of the Bank.
 5. All outstanding amounts of interests, commission, discount, charges and other monies in respect of the DLOF whether debited to the Account, or not, shall also be included in determining the availability of the DLOF. Drawing power in connection with the DLOF, means the extent to which the Borrower may make draws from time to time under the DLOF, as determined by the Bank.
 6. Unless the Bank otherwise permits, the Borrower shall not be entitled to utilize the Overdraft Facility beyond the Operating Limit which may be determined by the Bank from time to time as aforesaid on the basis of review of the said Account conducted by the Bank at the end of each calendar year from the date of this Agreement.
 7. 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.
- 2.9 The Obligors agree that the Facility Amounts are repayable unconditionally on demand made by the Lender at the Lender's absolute discretion and without giving any reasons whatsoever. The Obligors will be provided 2 (two) Business Days written notice to repay the Facility together with all amounts due including interest accrued, charges, dues, levies, expenses, claims, costs and fees thereon or otherwise in relation to this Agreement till the date of actual realization. Upon receipt of such notice the Obligors shall forthwith repay the Facility Amounts to the Lender.
- 3. ACCOUNT**
- The Borrower shall, if so required, open cash credit account(s). DLOF or other account(s) (the "**Account**", which expression shall mean any or each of such account(s), as the context may permit or require) at the branch(es) of the Lender as is specified in the Sanction Letter or such other branch as may be intimated to the Borrower by the Lender from time to time, for availing the Facilities up to the respective Limits.
- 3.1 Margin:** The Borrower shall maintain the Required Security Margin till the Final Settlement Date. If at any time the Actual Security Margin is below the Required Security Margin or under any other circumstances, if the Lender deems fit, the Borrower shall within thirty (30) days provide and furnish to the Lender, to its satisfaction, such additional security as may be acceptable to the Lender. The Borrower hereby agrees that the Borrower shall sign and execute all such other deeds, documents and forms for this purpose as may be required by the Lender. The Borrower shall substitute the Receivables and Borrower's Loan Assets which have become Non-current Asset with new Receivables and Borrower's Loan Assets.
- 3.2 Security :** In consideration of the Lender 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 Lender and to secure the performance by the Borrower of its obligations under this Facility Agreement, the Borrower:
- a) Agrees that the Outstanding Amounts under this Facility Agreement shall be secured by hypothecation of the Receivables on exclusive basis or on pari-passu basis as per Security Trustee Agreement (STA) as specified in Sanction Letter and such other securities and collateral securities as may be prescribed by the Lender ("**Security**") in the Sanction Letter and Schedule 4 of this Facility Agreement and if required by the Lender, shall be secured by such additional security as may be acceptable to the Lender in the event of the value of total Receivables, during the subsistence of the Facility Agreement, falls less than the Required Security Margin. The Security shall be created in favour of the Lender or the Security Trustee for the benefit of the Lender, as specified in Sanction Letter and charge of the Lender shall be deemed to be created from the date of execution of such security documents.
 - 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 Facility Agreement.
 - c) **Insurance (if applicable):** The Borrower shall ensure, at its own cost and expense (if required), 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.

- d) **Guarantee(if applicable):** The Borrower shall procure and deliver to the Lender before any draws are made under the Facility irrevocable and unconditional guarantee(s) from the persons specified as Guarantor(s) under Schedule 4 of this Facility Agreement in favour of the Lender 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 Lender. The Borrower shall not pay any guarantee commission to the Guarantor(s).
4. **INTEREST AND DEFAULT INTEREST**
- (i) The interest will be charged on the Facilities as specified in the Schedule 4. The interest specified in the Schedule 4 or any other provision in the Finance Documents 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 Lender from time to time. The Interest applicable on the Facility or charges debited to the Account of the Borrower shall be calculated on the daily debit balance of such Account.
- (ii) 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 the actual number of days elapsed.
- (iii) 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 Lender at its sole discretion.
- (iv) 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.
- (v) If the Facility(ies) is/are disbursed in multiple tranches in multiple accounts, the Interest Rate applicable to each of such tranche will be decided at the time of disbursement of such tranche, as may be stipulated in the Sanction Letter.
- (vi) The Lender is entitled to disburse the Facilities granted/to be granted to the Borrower to in a single account or multiple accounts of any facilities and this agreement would be valid and binding for all such accounts. It is agreed between the parties that the facilities disbursed in such multiple loan accounts may have a varied rate of interest and different repayment date or repayment schedule as may be agreed mutually between the parties at the time of each disbursement and as stipulated in the in the sanction letters subsequently issued for various facilities to be granted within the Overall Limits.
- (vii) Interest would be calculated from the date of the loan disbursement i.e. the date of the issuance of the cheque/ transfer instruction / RTGS / NEFT. The Lender would not be responsible for any delay on the part of the Obligor to collect and/or deposit the cheque or otherwise.
- (viii) Interest Reset:**
The Lender shall have the right to reset the Interest Rate ("Reset Interest Rate") on each Interest Reset Date in accordance with any of the following options:
- a) The Benchmark rate or the Spread, as the case may be, shall stand revised;
 - b) The fixed Interest Rate stands revised; or
 - c) In a manner mutually agreed between the Lender and the Borrower.
- The Lender shall inform the Reset Interest Rate to the Borrower within such period as may be decided by the Lender and communicated to the Borrower prior to such Interest Reset Date and the Borrower shall be liable to pay interest on the Facility at the Reset Interest Rate and all references in this Agreement and the Finance Documents to the term "Interest Rate" shall mean such Reset Interest Rate.
- (ix) Default Interest**
- (i) Without prejudice to the obligations of the Borrower under this Facility Agreement and the other Finance Documents, upon occurrence of a default in payment of any outstanding amounts on the Due Date or breach of any terms or conditions of any Finance 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 Facility Agreement). Such Default Interest, shall 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.
- (ii) 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 Lender or such delay/ default (other than in case of any payment defaults) is waived by the Lender. The Borrower acknowledges and agrees that

Default interest rate are reasonable and represent genuine pre-estimate of the loss.

5. REPAYMENT

- 5.1** The Borrower shall repay the aggregate amount of the Loans on demand. The Borrower hereby agrees, undertakes and confirms that it shall deliver to the Lender post-dated cheques (“PDCs)/ NACH/ECS request letter as more particularly described in Schedule 4 towards the payment of the outstanding Obligations along with the Interest with the Lender named as the payee therein (“IRCs”). The Lender shall be under any no obligation to provide the Borrower with any notice, reminder or other intimation to the Borrower regarding its obligation to pay the amount(s) payable under the Finance Documents. The Lender reserves the right at any time, after such amounts have become due and payable, to debit any of the Borrower's accounts with the Lender for the principal, Interest and any other Obligations under the Facility owed to the Lender under any of the Finance Documents. If such debiting causes the Borrower's account to be overdrawn, interest shall be payable accordingly. The Lender shall be entitled to debit all amounts due and payable by the Borrower under this Agreement to the Borrower's loan account maintained with the Lender, unless separately reimbursed to the Lender by the Borrower.
- 5.2. CANCELLATION:** The Lender may also, at its discretion, cancel the undrawn amounts of the Facility, after giving prior intimation to the Borrower. Further, the Lender shall also be entitled to cancel / suspend / terminate access to the Facilities at any time on account of regulatory requirements. The Bank shall call upon the Borrower to accelerate the repayment, if Borrower's financial position so warrants.

6. REPRESENTATIONS AND COVENANTS

Each of the representations and warranties set out in Schedule 1 (Representations and Warranties) and Covenants and Undertakings as set out in Schedule 2 are deemed to be made and repeated by the Borrower on each day (having regard to the circumstances existing at the time of repetition) until the Final Settlement Date.

7. REGULATORY DECLARATIONS

7.1 Declarations: By signing this Facility 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 or a specified near relation of a director/ senior officer of a banking company, or in a specified near relation of a director/senior officer of including 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 willful 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, the Borrower shall promptly provide a written declaration to the Lender of such changes.

- 7.2.** The Borrower hereby gives specific consent to the Lender for disclosing / submitting the 'financial information' as defined in Section 3 (13) of the Insolvency and Bankruptcy Code, 2016 (“Code”) read with the relevant regulations/ rules framed under the Code, as amended and in force from time to time and as specified thereunder from time to time, in respect of the Credit/ Financial facilities availed from the Lender, from time to time, to any 'Information Utility' (“IU”) as defined in Section 3(21) of the Code, in accordance with the relevant regulations framed under the Code, and directions issued by RBI to the

banks from time to time and hereby specifically agree to promptly authenticate the 'financial information submitted by the Lender, as and when requested by the concerned 'IU' .

8. EVENTS OF DEFAULT

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

- i. The Borrower fails to make payment of any amount due and payable pursuant to a Finance Documents at the place and in the currency in which it is expressed to be payable as per repayment schedule below.
- ii. The Borrower committing, in the sole opinion of the Lender, a breach of any terms under the Finance Documents.
- iii. Any representation, warranty, statement or declaration, covenants and undertaking provided by the Borrower in any Finance Documents 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.
- iv. An application is filed by any financial creditor or any operational creditor of the Borrower, or the Borrower itself for the insolvency resolution process under the Insolvency and Bankruptcy Code, 2016.
- v. Any order of attachment, distress, execution or other similar process is enforced against the Borrower.
- vi. It is or becomes unlawful for the Borrower to perform any of its obligations under any Finance Documents to which it is a Party.
- vii. The Lender determines in its sole discretion that a Material Adverse Effect exists or could reasonably be expected to occur.
- viii. 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).
- ix. The Borrower ceases or threatens to cease carrying on its business.
 - x. All or any part of the Facility is not utilised in accordance with the purpose of this Facility Agreement as set out in Schedule 4.
 - xi. If the security, if any, for the Facility is in jeopardy or ceases to have effect or if any Finance Documents including any security document executed or furnished by or on behalf of the Borrower or the Guarantor becomes illegal, invalid, unenforceable or imperfect as per Sanction Letter 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 Documents shall be assigned or otherwise transferred, amended or terminated, repudiated or revoked without the approval of the Lender.
 - xii. The Borrower is unable or has admitted in writing its inability to pay any of its Financial Indebtedness as they mature or when due;
 - xiii. Total Value of Receivables during the continuance of the Facility, become less than equal to the Required Security Margin;
 - xiv. failure to supply information such as periodically receivable certificates, periodically information related to portfolio/ financials, end use certificate etc.,
 - xv. If there is a change of Security Trustee, if any, without Lender's prior written consent
 - xvi. there exists any other circumstance, which in the sole opinion of the Lender is prejudicial to the interest of the Lender;
 - xvii. an event of default (or a similar event) has occurred under any other agreement entered into by the Borrower or by any associate/affiliate of the Borrower with the Lender or a person or entity related to the Borrower with the Lender or any associate/affiliate of the Lender;
 - xviii. any other default by the Borrower under any financial agreement executed by the Borrower and / or the Guarantor with any person;
 - xix. if the loan is accelerated, it would constitute as an event of default.
 - xx. An event of default howsoever described and determined to be an event of default by the Lender or any event which with the giving of notice, lapse of time, determination of materiality or fulfilment of any other applicable condition or any combination of the foregoing would constitute an event of default occurs under any agreement or document relating to any Financial Indebtedness of the Borrower or if any other lenders of the Borrower including financial

institutions or banks with whom the Borrower has entered into agreements for financial assistance have recalled its / their assistance or any part thereof; and any person is in breach of, or does not comply with, any term or condition, whether, financial, performance or otherwise of any Finance Documents.

The Borrower shall promptly notify the Lender in writing upon becoming aware of any default and any event which constitutes an Event of Default and the steps, if any, being taken to remedy it.

8.2 Consequences of Event of Default

- (a) **Termination:** If any of the Events of Default described herein above shall have happened then the Lender may (in its discretion), by notice to the Borrower cancel the Facilities (and reduce them to zero) whereupon they shall immediately be cancelled (and reduced to zero) or suspend any further drawdown or cancel any undrawn portion of the Facilities; Lender shall at all times have the right to accelerate and demand from the Borrower to repay 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 any notice

Further, the Lender may demand all or any part of the Outstanding Amounts and/or the amount due together with accrued interest and all other amounts accrued under or otherwise in connection hereto and / or any other agreements, documents subsisting between the Borrower and Lender 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 dishonour or other notice or demand of any kind or nature whatsoever or other legal formalities of any kind.

- (b) **Enforcement of Security Interest:** Upon the occurrence of Event of Default and during its continuance, the Lender or its nominees may, without further authority and without prejudice to its other rights under any Applicable Law and under or pursuant to this Facility Agreement and after providing notice, enforce any or all of the Security, at the cost of the Borrower, and may apply the net proceeds of such enforcement towards the payment of the outstanding amounts in accordance with the Facility Agreement. The Lender may also enforce the Security provided by the Borrower, for any other facility availed by the Borrower from the Lender. However, if the enforcement of Security does not cover the full amount of the Financial Indebtedness of the Borrower, the Borrower agrees to pay to the Lender forthwith at the Lender's demand such amount as will make up the shortfall.

The Borrower hereby agrees to accept as conclusive proof of the correctness of any sum claimed by the Lender to be due from the Borrower in respect of the Facility. In any legal action or proceedings arising out of or in connection with this Facility Agreement, any entry made by the Lender in its books or a statement of account purporting to show an outstanding amounts due under this Facility Agreement and signed as correct by the duly authorized officer of the Lender shall be the conclusive evidence of the amount so due and shall be binding on the Borrower.

The Lender on occurrence of any Event of Default shall apply and/or appropriate and/or set off any credit balance standing upon any account of the Borrower with the Lender towards satisfaction of any sum (whether of principal, interest or otherwise) due to the Lender hereunder from the Borrower.

- (c) The Borrower agrees that in accordance with the provisions of the RBI Circular on "Resolution of Stressed Assets- Revised Framework" dated February 12, 2018, as amended or modified or replaced from time to time, the Lender shall be entitled to identify incipient stress in the Borrower's account held with it immediately on default and pursuant thereto, create different sub-categories of such accounts. The Borrower agrees that the Lender shall report credit information about the Borrower if the aggregate fund based and non-fund based exposure of the Lender is above the limit specified by RBI, in this regard, from time to time, to Central Repository of Information on Large Credits ("CRILC").
- (d) In addition to the above, the Lender shall also have a right to nominate a director on the board of directors of Borrower to protect the interest of the Lender and normal fees and expenses of such director shall be defrayed solely by Borrower.

8.3 Fees and Expenses:

All fees, duties, costs and expenses (including legal fees) incurred by the Lender after an Event of

Default has occurred in connection with preservation of the assets (whether then or thereafter existing) of the Borrower, collection or any repayment of Obligations and any litigation, proceeding, steps or action taken, initiated or defended by the Lender in connection with any of the above, shall be payable by the Borrower, and shall be deemed to form part of the "Obligations".

8.4 Facility Agreement to override Statements of Accounts

The Borrower agrees that the Lender may for its internal purposes show the different instalments (if any) due from the Borrower in respect of the principal amounts of any Facility as different loans / sub-loans in its computer systems and in the statements of account sent to the Borrower from time to time. However, notwithstanding that the Lender may have shown such instalments as different loans / sub-loans, all such instalments shall be treated as part of one and the same loan for the purposes of this Facility Agreement.

9. CHANGES TO THE PARTIES.

9.1 Assignments and transfers by the Lender

- (a) **Assignment:** The Borrower shall have no right to assign, transfer or novate any of their respective rights or delegate any of their respective obligations hereunder without the prior written consent of the Lender. The Lender may novate, transfer or assign their rights and benefits under or pursuant to this Facility Agreement in accordance with the Applicable Law. Any such action and any such sale, assignment or transfer shall bind the Borrower and the Guarantor to accept such third party as creditor exclusively or as a joint creditor with the Lender, or as creditor exclusively with the right to the Lender to continue to exercise all power hereunder on behalf of such third party and to pay over such outstanding and dues to such third party and/or the Lender as the Lender may direct. Any cost in this behalf, whether on account of such sale, assignment or transfer or enforcement of rights and recovery of outstanding and dues shall be to the account of the Borrower and the Guarantor. The Borrower and the Guarantor acknowledges and undertakes to pay to third parties the difference between the outstanding amounts and the amount received by the Lender in the event of transfer of the portfolio a third party. The third party shall have the authority to collect the due amounts.
- (b) **Novation:** Upon any novation, transfer or assignment by the Lender of its rights and benefits as stated above, the terms of this Facility Agreement shall bind and ensure for the benefit of such novatee, transferee or assignee who shall be deemed to be a beneficiary of this Facility Agreement with all rights, benefits, and entitlements of a Lender hereunder.
- (c) **Retention of the Security Interest:** The Borrower agrees that the Lender (or any nominee of the Lender) 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. Without prejudice to the aforesaid provision, the Lender may (at its sole discretion), without notice to the Borrower, 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 Lender under the Finance Documents shall remain valid, effective and enforceable by the Lender on the same terms and conditions and the Borrower shall continue to discharge in full all its obligations under the Finance Documents to the Lender. The Borrower shall not have and shall not claim any privity of contract with such person on account of any reason whatsoever.

10. PAYMENT MECHANICS

- 10.1 Mode of Payment:** Except to the extent otherwise provided in this Facility Agreement, all payments to be made by the Borrower to the Lender in terms of this Facility Agreement shall be made in the manner permissible under Applicable Law at Facility office or any such other location as indicated by the Lender.
- 10.2 Appropriation of Payments:** All amounts from time to time received or recovered by the Lender

in connection with enforcement of any Finance Documents shall be appropriated in the manner as deemed fit by the Lender.

10.3 No set-off by Borrower: All payments to be made by the Borrower under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

10.4 Prepayment: The Borrower shall not, without the approval of the Lender or unless otherwise permitted under the Sanction Letter and / or the Facility Agreement, prepay the outstanding principal amounts of the Facilities in full or in part which are in the nature of loans, before the Due Dates.

11. INDEMNITY

- (a) The Borrower undertakes to indemnify and keep the Lender and its officers/employees fully indemnified and harmless at all times from and against any and all the consequences of breach of any of the terms, condition, statements, undertakings, representations and warranties of this Facility Agreement as also of any of its representations or warranties not being found to be true at any point of time, including any actions, suits, claims, proceedings, damages, liabilities, losses, expenses or costs (hereinafter referred to as "**Claims**") faced, suffered or incurred by the Lender including costs suffered by the Lender in defending any suit, application or proceeding against the Lender or any of its officers, employees or agents that Lender may suffer on account of any defect in Security hypothecated to Lender or the Security Trustee for the benefit of the Lender, as specified in Sanction Letter. Similarly, in the event of any claims being made on the Lender, on account of any breach of warranty, representations, non-compliance of any Applicable Law, unauthorized act, fraud, deed or thing done or omitted to be done or undertaking made by Borrower or its employees, agents, being false, the Borrower undertakes to pay on first demand made by Lender of any amount on this account without any demur, reservation, contest, protest whatsoever within seven (7) working days of the demand being made.
- (b) The indemnification rights of the Indemnified Parties under this Facility Agreement are independent of, and in addition to, and shall be without prejudice to, any other rights and remedies available to the Indemnified Parties under Applicable Law or in equity or otherwise, including the right to seek specific performance or other injunctive relief, none of which rights or remedies shall be affected or diminished thereby.
- (c) The Borrower acknowledges and agrees that any payments to be made pursuant to this Clause 11 (*Indemnity*) are not in the nature of a penalty but merely reasonable compensation for the loss that would be suffered, and therefore, the Borrower waives all rights to raise any claim or defence that such payments are in the nature of a penalty.

12. COST AND EXPENSES

The Borrower shall bear and promptly pay or reimburse all the costs, stamp duty, taxes, penalties, charges, expenses, legal fees, enforcement costs as incurred by the Lender to the Lender for recovery of the dues and enforcement, preservation, perfection and realization of the Security. If Borrower fails to pay then the Lender may pay such costs and expenses on Borrower's behalf and recover the same from the Borrower. These costs and expenses shall become part of the "Obligations" of the Borrower.

13. Indirect Tax

13.1 All payments (including but not limited to any fee) expressed to be payable under the Facility to the Lender shall be deemed to be exclusive of any indirect tax (including service tax, value added tax, goods and service tax and other applicable indirect taxes) ("**Indirect Tax**"). If any Indirect Tax is chargeable as per Applicable Law from the Borrower on any payments payable to the Lender (including but not limited to fees), the Lender shall in addition to such payment charge the applicable Indirect Tax to the Borrower in connection with the transaction and the Borrower shall pay on demand to the Lender an amount equal to the amount of the Indirect Tax.

14. NOTICES

14.1 Communications in Writing: Any communication to be made with the Lender by the Borrower shall be made in writing and in English or Hindi Language and, unless otherwise stated, may be made by letter or email.

14.2 Addresses: The address and email address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document

to be made or delivered to the Parties as set out in the Schedule 4 of the Facility Agreement or any other address, fax number, email address or department or officer as the Party may notify to the other Party in writing by giving notice of not less than 5 (five) Business Days.

14.3 Delivery: Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective if:

(a) **by way of letter, when it has been left at the relevant address or 48 hours after being deposited in the post, postage charges prepaid, in an envelope addressed to it at that address;** or by way of email, when sent from mailbox of the sender and, if a particular department or officer is specified as part of its address details provided under Schedule 4 if addressed to that department or officer.

(b) Any communication or document to be made or delivered to the Lender will be effective only when actually received by the Lender and then only if it is expressly marked for the attention of the department or officer identified with the Lender (or any substitute department or officer as the Lender shall specify for this purpose.

(c) Any communication or document which becomes effective, in accordance with Clauses (a) and (b) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

14.4 Process for Instructions: The Lender is entitled to rely and act upon the Borrower's instructions, whether by way of email, fax or scan ("Instructions"), and assume that an authorised signatory of the Borrower has issued the Instructions. The Borrower shall deliver to the Lender no later than the next Business Day following the dispatch of any Instruction, the originals, in hard copy of such Instruction bearing the legend "Confirmation of Scan" in bold letters.

15. MISCELLANEOUS

- 15.1 **Disclosure of Information:** The Borrower hereby agrees and consents, as a pre-condition relating to the grant of the credit facilities given to the Borrower by the Lender, that, in case the Borrower commits any default in the repayment of any outstanding amounts to the Lender, the Lender and/or RBI shall have unqualified right to disclose and furnish to CIBIL and other agency so authorised by RBI, Borrower's name as defaulter in such manner and through such medium as the Lender or RBI in their absolute discretion may think fit. Notwithstanding the above the Borrower understands that as a pre-condition relating to grant of the Facility to the Borrower, the Lender requires the Borrower's consent for the disclosure by the Lender of information and data relating to the Borrower, of the Facility availed of /to be availed by the Borrower, obligations assured/ to be assured by the Borrower in relation thereto and default, if any, committed by the Borrower in discharge thereof. Accordingly, the Borrower hereby agrees and gives consent (i) for the disclosure by the Lender of all or any such information and data relating to the Borrower including name and the names of their directors; (ii) for the disclosure by the Lender of all or any such information or data relating to any loan/credit facility availed of /to be availed by the Borrower (iii) for the disclosure by the Lender of all/any default, if any, committed by the Borrower in discharge of obligations of the Borrower under this Facility Agreement as the Lender may deem appropriate and necessary to disclose and furnish to CIBIL and any other agency authorized in this behalf by RBI; (iv) to publish the name of the Borrower and/or the names of its directors 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.
- a. The Borrower hereby declares that the information and data furnished by the Borrower to the Lender are true and correct.
 - b. The Borrower hereby declares 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.
 - c. 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 Facility Agreement such information about the Borrower as the Lender may deem appropriate.
 - d. The Borrower confirms that the Lender may for the purposes of credit reference checks, verification, etc. disclose any information/documents relating to the Borrower (pertaining to the

Facility availed by the Borrower) to any third party appointed by it. The Borrower further authorizes 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.

- e. This Clause supersedes any previous confidentiality undertaking given by the Lender in connection with this Facility Agreement. This Clause 15.1 (Disclosure of Information) shall not be deemed to constitute, an express or implied agreement by the Lender with the Borrower for a higher degree of confidentiality than that prescribed by the laws of India, if any.
- 15.2 **No Waiver:** No delay in exercising or omission to exercise any right, power or remedy accruing to the Lender upon any default or otherwise under the Finance 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 Lender in respect of any default or any acquiescence by it in any default, affect or impair any right, power or remedy of the Lender in respect of any other default
- 15.3 **Liens; Right of Set Off:** In addition to all liens upon, and rights of set off against the monies, securities or other property of the Borrower given to the Lender by Applicable Law, the Lender shall have a lien upon and a right of set off against, all monies, securities and other property of the Borrower now or hereafter in the possession of or on deposit with the Lender, whether held in a general or special account or deposit, or for safe keeping or otherwise; and every such lien and right of set off may be exercised without demand upon or notice to the Borrower, as the case may be.
- Any defaults committed by the Obligor under any other agreement or transaction entered into by the Obligor with the Lender shall be deemed to be a default under this Agreement and the Lender shall be entitled in its absolute discretion to appropriate any payments made by the Obligor towards the dues payable by the Obligors to the Lender under any other agreement or transaction entered into by the Obligors with the Lender and/or towards any other indebtedness of the Obligors to the Lender and/or any associates / affiliates of the Lender, and such appropriation shall be final and binding upon the Obligors who shall continue to remain indebted to the Lender for payment of dues under this Agreement in respect of which such sums of money were so paid but were appropriated towards the another agreement or transaction entered into by the Obligors or towards another indebtedness of the Obligors. In addition, notwithstanding the repayment of any of the Loan as per the terms of the agreement, the Borrower hereby expressly give the Lender the power to sell, transfer or otherwise dispose of any and all Security/Collateral created in favour of the Lender and appropriate the same towards satisfaction of amounts due to the Lender on account of another agreement or transaction entered into by the Obligors or any indebtedness of the Obligors. The provisions of this Agreement and any Security/Collateral pursuant to this Agreement shall apply *mutatis mutandis* to the manner of disposal of security and appropriation under this clause. This clause shall survive the termination of this Agreement.
- The Lender shall not issue the no objection certificate, charge release letter or the like for any other loan of the Obligors if there is material adverse effect for the Loan under this Agreement.**
- 15.4 **Third Party Benefit:** Nothing herein expressed or implied is intended, nor shall it be construed to confer upon or give to any Third Party any right, remedy or claim under or by reason of this Facility Agreement or any part hereof.
- 15.5 **Counterparts:** The Facility Agreement may be executed in any number of counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of the signature page to this Facility Agreement by facsimile shall be as effective as delivery of a manually executed counterpart of this Facility Agreement.
- 15.6 **Amendments and waivers:** Any variation or amendment of this Facility Agreement (or of any of the documents referred to in it) is valid only agreed to by the Lender and if it is in writing.
- 15.7 **Entire Agreement:** The Finance Documents constitute the entire agreement between the Parties about its subject matter and replace all previous agreements between the Parties on that subject matter. The Borrower has not relied on any oral or written representation or warranty made, or purportedly made, by or on the Lender's behalf except as set out in the Finance Documents.
- 15.8 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.

- 15.9 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.
- 15.10 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.
- 15.11 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.
- 15.12 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 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.
16. **GOVERNING LAW AND JURISDICTION**
- This Facility Agreement and all documents executed under/ in relation to this Facility Agreement shall be governed by and construed in accordance with the laws of India. The courts situated in Jaipur shall have exclusive jurisdiction for any dispute arising under this Facility Agreement.
17. 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.

SCHEDULE 1: REPRESENTATIONS AND WARRANTIES

The Borrower makes the following representations, declarations, warranties, covenants and confirms that they are and will continue to remain, true, correct, valid and subsisting in every respect as of the date of the Facility Agreement and on each date till the Final Settlement Date thereof:

1. **Status:** The Borrower is legally in existence under the Indian Laws. The Borrower, and each of its subsidiaries have the power to own its assets and carry on their business as they are being conducted.
2. **Binding Obligations:** The obligations expressed to be assumed by the Borrower in each Finance Documents are legal, valid, binding and enforceable obligations in accordance with its terms.
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 any Applicable Law, rule or regulation or any official or judicial order, decree or judgment applicable to it or its constitutional documents; or any agreement or instrument binding upon it. All the licenses, permits and authorizations required for carrying on its business or industry have been obtained and are in full force and effect.
4. **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.
5. **Correct Information:** All factual and other information provided to the Lender by the Borrower in connection with the Finance Documents was 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 Documents void or voidable, or repudiated or frustrated, for any reason whatsoever, including without limitation, by reason of default, fraud or misrepresentation.
 - (a) The Borrower's audited most recent Financial Statements delivered to the Lender:
 - (i) have been prepared in accordance with GAAP, 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
6. **No Default :** No event of default has occurred or is continuing or outstanding.
7. **No Event of Default:** No Default or Potential Event of Default has occurred and is continuing under any agreement binding on the Borrower
8. **Validity and admissibility in evidence:** All Authorisations required or desirable:
 - (a) to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and
 - (b) 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.
9. **Insolvency:** The Borrower shall supply to the Lender, 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 Applicable Laws.
10. **Tax dues:** The Borrower has complied in all material respects with all taxation laws in all jurisdictions and has filed all tax returns and paid all taxes and statutory dues due and payable by it
11. Borrower confirms that except to the extent disclosed to the bank, no litigation, arbitration, administrative or other proceedings by Governmental agency are pending or threatened against the Borrower or its assets, which, if adversely determined, might have a Material Adverse Effect. Further, No corporate action, legal proceeding or other procedure or step has been taken or is currently pending or threatened in relation to the Borrower which may attract initiation of corporate Insolvency resolution process under the Insolvency and Bankruptcy Code, 2016.
12. Except as otherwise disclosed to the Lender in writing or unless otherwise permitted by the Lender, there are no encumbrances subsisting or in existence on any of the Borrower's Listed Loan Assets.
13. The Borrower shall bear all costs of making good any deficit/differential/additional in stamp duty on the documents executed by the Borrower in relation to the Facility and/or security created by the Borrower in favor of the Lender.
14. The Facility Agreement is in addition to and not in derogation of the agreement(s), if any, already

entered into by the Borrower with the Lender in respect of working capital limits already enjoyed by the Borrower with the Lender prior to the sanction of the Facilities by the Lender. Notwithstanding anything to the contrary contained in the Facility Agreement or in the aforesaid agreement(s), all the obligations and liabilities of the Borrower in respect of the earlier limits authorised and subsisting shall, unless otherwise agreed to by the Lender, be valid, effectual and binding on the Borrower till the Final Settlement Date as if those obligations and liabilities are herein set out and the security, if any, created by the Borrower for the earlier limits authorised shall stand modified automatically as if the security, if any, for the Facilities are expressly made applicable thereto.

SCHEDULE 2: COVENANTS AND UNDERTAKINGS

1. INFORMATION UNDERTAKINGS

1.1. Financial statements and other information

The Borrower shall provide the Lender with the following:

- (a) certified true copies of all audited Financial Statements as soon as they become available as per Applicable Laws and in any event within 120 (One Hundred Twenty) days of end of its Financial Year;
- (b) the monthly /quarterly/half yearly/yearly stock and book debts statements;
- (c) on an annual basis, a certificate confirming compliance with the financial covenants set out in the Sanction Letter;
- (d) information necessary to enable the Lender to comply with “know your customer” or similar identification procedures as Lender may request from time to time; and
- (e) forthwith report to the Lender all frauds / falsification along with the action taken / proposed report amounting to more than Rs 1 Crore.
- (f) any other information as the Lender may request.

1.2. Disposals, acquisitions and mergers

The Borrower shall notify the Lender:

- (a) in the event it enters into any scheme of expansion, merger, amalgamation, compromise or reconstruction, or sale or transfer of all or substantially all of its fixed and other assets;
- (b) promptly, the details of any litigation, arbitration, investigative or administrative proceedings which are current, threatened (to the best of the knowledge of the Borrower) or pending against the Borrower which might, if adversely determined, have a Material Adverse Effect;
- (c) in the event it makes any changes to the general nature of its business from that as set out in its object clause of the Memorandum of Association; or
- (d) promptly upon becoming aware or on receipt, of any application for winding up, insolvency or bankruptcy, of the Borrower having been made or any statutory notice of winding up, insolvency or bankruptcy, as the case may be, is given to the Borrower of any suit or other legal process intended to be filed or initiated against the Borrower, as the case may be;
- (e) promptly provide information about any substantial dispute between the Borrower and any Governmental Agency;
- (f) promptly provide any information and documents that may be reasonably required by the Lender from time to time, to comply with internal policies of the Lender or any requirements imposed by any Governmental Agency or as may be required under Applicable Law and all information and documents furnished by or on behalf of the Borrower to the Lender pursuant to this Facility Agreement or any other Finance Documents shall be true and correct in all respects;

1.3. Maintenance and inspection of Receivables, books and records

- (a) The Borrower shall keep proper books of account as required by the Act or any other Applicable Law, as the case may be, and therein make true and proper entries of all dealings and transactions of and in relation to its business and keep the said books of account and all other books, registers and other documents relating to its affairs at its registered office or, where permitted by Applicable Law, at other place or places where the books of account and documents of a similar nature may be kept. The Borrower shall ensure that all books of accounts and all other books, registers and other documents of it shall at all reasonable times be open for inspection by the Lender and such person or persons as the Lender shall, from time to time, in writing for that purpose, appoint. All reasonable and accounted for expenses incurred by the Lender in this regard will be reimbursed by the Borrower.
- (b) Upon the request of the Lender, the Borrower shall provide to and shall procure for, the Lender and any of its representatives, professional advisers and contractors, access to and permit inspection/audit by them of the Receivables, assets, premises, books and records of the Borrower at reasonable times and upon reasonable notice. All reasonable and accounted for expenses incurred by the Lender in this regard will be reimbursed by the Borrower.
- (c) the Receivable certificate to be provided as per the Sanction Letter which shall include the details of the asset(s) (including address, vehicle number and other identifiers), contact

details of the Borrower along with their address(es), loan amount, outstanding amount and other selection criteria as mentioned in the Sanction Letter, as the Lender may require. The Borrower shall submit to the Lender immediately other details as demanded by the Lender from time to time.

2. **GENERAL UNDERTAKINGS**

2.1 **Authorisations**

The Borrower shall obtain, maintain and comply with any / each Authorisation required by any Applicable Law to enable it 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.

2.2 **Compliance with Law**

The Borrower shall comply in all respects with all Applicable Law to which it may be subject in connection with its business and the Facility.

3. **Special COVENANTS**

- (a) The Borrower will not (and must ensure that no other person will) create or permit to subsist any Security Interest over any of its assets other than as permitted under the Finance Documents.
- (b) Where the Facility is provided to more than one Borrower and the loan amount is disbursed to any one of the Borrowers, then it would amount to disbursement to all the Borrowers and Guarantors. Notwithstanding anything herein stated, the liability of the Borrower to repay the Facility together with interest, etc. and to observe the terms and conditions of this Facility Agreement/and any other agreement's, document's that may have been or may be executed by the Borrower with the Lender in respect of this Facility or any other Facility or Facility is joint and several.
- (c) 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.
- (d) Borrower hereby undertakes to obtain a no objection certificate from all the existing lenders of the Borrower (if any) in respect of availing of the Facility from the Bank.
- (e) The Borrower shall not change its accounting system and maintain adequate books of account reflecting its financial position and scale of operations.

3.2 **Additional documents**

The Borrower agrees and undertakes to sign, without any demur or protest, such documents and writings and at such periodic intervals, as may be required by the Lender, acknowledging the outstandings under the Facility, for the purpose of Section 18 of the Limitation Act, 1963.

3.3 **Negative Covenants:**

The Borrower shall not without the prior written permission of the Lender:

- (i) In the event of default, declare or pay any dividend or authorise or make any distribution to its shareholders / members / partners or permit withdrawal of amounts brought in unless it has paid all the dues in respect of the Facilities upto the date on which the dividend is proposed to be declared or paid / such distribution is to be made, or has made provisions therefor satisfactory to the Lender; or if an Event of Default has occurred and is subsisting or would occur as a result of such declaration or payment of dividend or authorisation or making of distribution.
- (ii) Pay any commission to its promoters, directors, managers or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any Financial Indebtedness incurred by the Borrower or in connection with any other obligation undertaken for or by the Borrower. Or undertake any guarantee obligations except in normal course of business.
- (iii) Make any investments whether by way of deposits, loans, advances or investments in share capital or otherwise, in any concern or provide any credit or give any guarantee, indemnity or similar assurance other than in normal course of business. This provision shall not apply to

- loans and advances granted to staff or contractors or suppliers in the ordinary course of business.
- (iv) 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;
 - (v) issue any further share capital whether on a preferential basis or otherwise or change its capital structure in any manner whatsoever that may result in change in promoter or the promoter losing Control.
 - (vi) Create any Security Interest on any of its assets (including any receivables) or properties (movable, immovable, tangible or intangible) hypothecated to the Lender or the Security Trustee for the benefit of the Lender, as specified in Sanction Letter, except as permitted under Finance Documents.
 - (vii) permit any change in the management or constitution documents of the Borrower
 - (viii) induct on its Board a person whose name appears in the list of wilful defaulters (in accordance with the extant guidelines issued by the RBI) and if such a person is found on its Board, it shall take expeditious and effective steps for removal of the person from its Board.

SCHEDULE 3:
Additional Provisions Relating to Letter of Credit/Bank Guarantee

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.

"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 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 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 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.
- (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 DECALARATION

- (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.
 - (b) the Borrower further confirms and declares that the BGs 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.

Schedule 3A
Additional Provisions Relating to Short Term Working Capital Demand Loan

In respect of the Short Term Working Capital Demand Loans (hereinafter called 'the Demand Loans') the Borrower agrees and covenants as under:-

- The Borrower hereby agrees and promises with the Lender to pay on demand to each of them the amounts outstanding under the Demand Loans granted and/or agreed to be granted at the said Banks to the Borrower as per Reserve Bank of India Credit Policy Guidelines.
- Overdraft and/or Cash Credit Components and Short Term Working Capital Demand Loan Components may be readjusted as per Reserve Bank of India Directives on bifurcation of fund based credit facilities;
- Notwithstanding anything herein contained regarding the payment of the Demand Loans, it is agreed that after demand being made by the Lender, the Borrower shall be bound to pay to the Lender forthwith the balance then outstanding and owing to the Lender under the said Demand Loan Accounts and all interests additional and/or penal interests, if any, costs, charges, expenses payable or to become payable by the Borrower to the Lender in connection therewith.
- Without prejudice to the generality of the power to retail by the Lender as above, the Lender 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 Demand Loans are sanctioned or for any other reason considered necessary.
- The Borrower hereby authorizes the Lender to credit the Loan amounts to the Cash Credit/Overdraft Accounts of the Borrower in instalments, if need be, having regards to the need of the Borrower, unless the Lender consents to any other mode of disbursement.
- The Borrower hereby also authorizes the Lender to recover the Demand Loans/interest due from time to time by debit to the Borrower's Cash Credit/Overdraft Accounts or Current Account(s) as the case may be, without prejudice the Borrower's obligations to repay as undertaken under these presents.
- The Obligors agree that the Facility Amounts are repayable unconditionally on demand made by the Lender at the Lender's absolute discretion and without giving any reasons whatsoever. The Obligors will be provided with a notice to repay the Facility together with all amounts due including interest accrued, charges, dues, levies, expenses, claims, costs and fees thereon or otherwise in relation to this Agreement till the date of actual realization. Upon receipt of such notice the Obligors shall forthwith repay the Facility Amounts to the Lender.

SCHEDULE 4: DETAILS OF THE FACILITY

S. No.	Particulars	Details
1.	Date	
2.	Place	
3.	Details of Borrower	
	(a) Name	
	(b) Telephone No. (c) Email address	
	(d) Address	
	(e) Business of the Borrower	
	(f) Authorized signatory of the borrower	
4.	(g) Branch office address of the Lender/Facility Office	
5.	Details of Facility	
	(a) Amount of Term Loan	
	(b) Non-refundable Processing fees/service charge	
	(c) Interest rate	
	(d) Interest Reset Date	
	(e) Reset Frequency	
	(f) Interest Payment Date	
	(g) Purpose	
	(h) Disbursement	
	(i) Date Of sanction letter	
	(j) Increased interest in case of default	
	(k) EMI Presentation Date	
	(l) Date of Facility of agreement	
	(m) Inspection Charges	
	(n) Submission of Insurance Certificates	
	(o) Additional Covenant for Onward lending	
	(p) First reset date	
6.	Tenor	
7.	Details of Security Trustee	
8.	Details of Guarantor	
	(a) Name	
	(b) Address	
	(a) Name	
	(b) Address	
9.	Details & ranking of Security	
10.	Required Security Margin	
11.	Details of Security Provider	
12.	Details of PDCs/NACH/ECS	
13.	Prepayment Interest	
14.	Other Charges (payable upfront)	
15.	Put and Call option	
16.	Date of Security Trustee Agreement	
17.	Initial CA certified List of Receivables / Primary Security	
18.	Periodicity of Receivables	
19.	Disbursement Conditions	
20.	Borrower Covenants	
21.	Special Condition	
22.	Selection Criteria of Receivables	
23.	Minimum Utilization	

Schedule 5: Example of SMA, NPA classification and NPA upgradation.

Example No. - 1

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 provided 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. - 2

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 explained as below mentioned table:

Date	Transaction Detail	Amount	Classification
01-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 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
01-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. - 3

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. - 4

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 (Renewal Due Date)	
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. - 5

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
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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

Example No. -6

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	

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	
A	Term Loan 1	15-Jul-21	Upgrade*
A	Term Loan 2	15-Jul-21	
A	Cash Credit / Overdraft	15-Jul-21	

*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

IN WITNESS WHEREOF, each of the Parties has caused this Facility Agreement to be duly executed by their duly authorized representatives on the date and year first above written:

<p>Signatures of Directors / Authorized Signatories of _____ has been hereunto affixed pursuant to the articles of association and the resolution passed by the Board of Directors at its meeting held on _____</p>	<p>SIGNED and DELIVERED by AU SMALL FINANCE BANK LIMITED, the within-named LENDER by the hand of _____ its duly authorised official</p>
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