



TRADE ADVANCE FACILITY AGREEMENT

This Trade Advance Agreement (“**Agreement**”) is executed at _____ on this _____ day of _____ 20__ by and between:

the person specified in Schedule I as borrowers/co-borrowers _____ [hereinafter referred to as “**Borrower**” which expression shall unless it be repugnant to the context or meaning thereof mean and include its member or members and their heir(s), successor(s), legal representative(s), executor(s), administrator(s) and permitted assign(s)]; of the **FIRST PART**

AND

AU SMALL FINANCE BANK LIMITED, a small finance bank having its registered office at 19-A Dhuleshwar Garden, Jaipur- 302001 (hereinafter referred to as the “**Lender**”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successor(s) and permitted assign(s) of the **OTHER PART**

The Borrower and the Lender are hereinafter individually referred to as “**Party**” and collectively as “**Parties**”.

WHEREAS:

- A. The Lender is a small finance bank registered with the Reserve Bank of India (“**RBI**”) and is *inter alia* engaged in the business of advancing vehicle finance.
- B. The Borrower is in the business of sale of different types of vehicles (three-wheelers/four-wheelers/heavy goods carriages etc.) manufactured by _____ (Name of the manufacturer) (“**Manufacturer**”) in the name and style of _____. The Borrower has represented to the Lender that it is the exclusive authorised dealer for the _____ for the sale of different types of vehicles manufactured by the Manufacturer.
- C. The Borrower has approached the Lender and has requested it to sanction a revolving trade advance facility for financing the purchase(s) of various types of vehicles (“**Vehicles**”) by the Borrower from the Manufacturer or any other manufacturer which shall be sold to the retail purchasers during the course of its business. The Borrower has also represented and assured to the Lender that the Borrower shall, in principle, refer all its purchasers of vehicles who are interested in availing loan facility, to the Lender for credit facility (ies).
- D. Relying upon the representation and warranties of the Borrower as contained herein this Agreement, the Lender has agreed to sanction to the Borrower a trade advance facility with an amount not exceeding Rs _____ under “Trade Advance Scheme” subject to and in accordance with the terms, conditions and the respective covenants of the Parties contained in this Agreement set henceforth.

NOW THIS AGREEMENT WITNESSES AND THE PARTIES HERETO AGREED AS FOLLOWS:

1. Definitions and Interpretation

1.1. Definitions

- (a) “**Authorized Signatories**” means the person authorized to sign this Agreement on behalf of Borrower As specified in Schedule I.

- (b) “**Availability Period**” means the period commencing from the date of execution of this Agreement till days or by such extended time as may be allowed by the Lender, available for drawdown by the Borrower.
- (c) “**Business Day**” means a day which is not a Saturday, Sunday or a Public Holiday within the meaning of Section 25 of the Negotiable Instruments Act, 1881, and on which banks in the State of Rajasthan are open for general business.
- (d) “**Due Date**” means the date(s) on which any amounts in respect of the Borrower's dues including the principal amounts of the Facility, interest and/or any other Outstanding Amounts, fall due as specified in this Agreement and any other document executed with respect to the Facility or issued by the Lender.
- (e) “**Disbursement Schedule**” means the disbursement schedule as specified under Schedule I (*Disbursement Schedule*) to this Agreement.
- (f) “**Event of Default**” shall have the meaning ascribed to it under Clause 12 below.
- (g) “**Facility**” means the facility granted to the Borrower by the Lender under this Agreement, more particularly detailed in Clause 2.1 of this Agreement.
- (h) (k) “**Guarantee**” means the guarantee provided by the Guarantor.
- (l) “**Guarantor**” means the person as specified in Schedule I
- (m) “**Interest Rate**” means the interest rate mentioned in Schedule II (*Interest Rate & Interest Free Period*) annexed hereto.
- (n) “**Law**” includes all statutes, enactments, and acts of legislature, laws, ordinances, rules, byelaws, regulations, notifications, guidelines, policies, directions, directives and orders of any Government, statutory authority, court, and tribunal.
- (o) “**Outstanding Amounts**” mean principal amount of the Facility outstanding from time to time, and all interests, additional interest, penal interest, prepayment interest, fees, costs, commissions, charges, expenses and other amounts due under or in respect of this Agreement. (p) “**Schedule**” means a schedule attached to this Agreement.
- (q) “**SDR Scheme**” shall mean, collectively, the RBI circular dated June 8, 2015 on “*Strategic Debt Restructuring Scheme*” (as amended from time to time), RBI circular dated September 24, 2015 on “*Prudential Norms on Change in Ownership of Borrowing Entities (Outside Strategic Debt Restructuring Scheme)*”, and the RBI Circular dated June 13, 2016 on “*Scheme for Sustainable Structuring of Stressed Assets*”, as amended or replaced from time to time. (r) “**Security**” means security as defined in Clause 5.1 of this Agreement.
- (s) “**Security Documents**” means deed, document or any other instrument, memorandum or any paper written manually or in electronic media, or any other visual form and whether or not signed, created or evidencing the creation of any security interest in favour of the Lender as security for repayment and payment of the Facility amount.
- (t) “**Tax**” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with the failure to pay or delay in paying any of the same).
- (u) “**Term**” or “**Tenor**” shall be the period specified in Schedule commencing from the date of first disbursement of the Facility or as extended by the Lender as per this Agreement, at its sole discretion, upon the request of the Borrower.

1.2. Interpretation

In construing this Agreement:

- (a) Annexures and Schedules form an integral part of this Agreement. In the event of any conflict between any clause of the Agreement and any of the annexures and schedules, the provision of the clause shall prevail;
- (b) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the following Business Day if the last day of such period is not a Business Day;
- (c) In the event of any disagreement or dispute between the Lender and the Borrower regarding the materiality or reasonableness of any matter, the opinion of Lender as to the materiality shall be final and binding on the Borrower;

2. FACILITY

2.1. Amount of Facility

- a) The Lender, at the request of the Borrower, agrees to lend to the Borrower and the Borrower agrees to borrow

from the Lender, an amount as specified in Schedule I (“**Facility**”) for the purposes of purchase of various types of vehicles (for further sale to retail purchasers) by the Borrower from the Manufacturer or any other manufacturer and no other purposes whatsoever, in accordance with and subject to the terms and conditions contained herein. The Facility may be increased or decreased by the Lender at its sole and absolute discretion from time to time.

2.2. Referral Fee:

- a) It is agreed and acknowledged that the Borrower shall be responsible to generate the loan applications from its retail purchasers and forward the same to the Lender together with all the requisite documents and the initial payment as prescribed by the Lender. The said retail loan applications will be processed by the Lender and approved by the Lender at its sole and absolute discretion, only after being satisfied that the eligibility norms are complied with. The disbursement of the retail loans will be by way of debiting the loan account of the purchasers of the Vehicles, the loan applications of which were routed through the Borrower and sanctioned and disbursed by the Lender, and simultaneously reversal of debit/crediting the loan account of the Borrower with the same amount.
- b) The Borrower shall be entitled to a referral fee mentioned in Schedule III (*Referral Fee*) subject to the fulfilment of the condition mentioned in Schedule III (*Referral Fee*).
- c) Annexure I is part of this Agreement.

2.3. Repayment

- (a) The Borrower agrees and undertakes to make the repayment/payment of the Facility, in any of the following manner subject to the sole and absolute discretion of the Lender:
 - (i) by way of debiting the loan account of the purchasers of the Vehicles, the loan applications of which were routed through the Borrower and sanctioned and disbursed by the Lender, and simultaneously reversing of debit/crediting the loan account of the Borrower with the same amount; or
 - (ii) by bullet repayment/instalments payments through undated cheques duly crossed and marked "A/c Payee Only" issued by the Borrower in favour of the Lender of the entire amount of Facility and the collection charges, if any, in respect of all such cheques shall be borne by the Borrower.

Provided that any payments made by the Borrower under the Facility shall be first adjusted towards the arrears of interest, penal interest and thereafter towards the arrears of principal Facility amount, other incidental charges, if any, in respect of the Facility, or in such manner as the Lender may in its sole discretion consider necessary or expedient.
 - (iii) The Lender reserves the right to rearrange the Repayment Schedule and to call upon the Borrower to accelerate the payments if the Borrower's financial position so warrants as per the opinion of the Lender.
 - (iv) No notice, reminder or intimation shall be given to the Borrower regarding its obligation to pay the Outstanding Amounts payable hereunder when the same are due and payable. Rather it shall be entirely be the Borrower's sole responsibility to ensure prompt and regular payment of the amount payable by the Borrower to the Lender when due and in the manner herein provided.
 - (v) The Borrower agrees, undertakes and confirms that it shall forward to Lender as many number of post dated cheques a specified in Schedule I towards the Facility amount and as many number of undated cheque for as specified in Schedule I for the amount as specified in Schedule I) each with the Lender named as the payee therein (“**PDCs/UDC**”). The Borrower has agreed to issue the PDCs/UDCs voluntarily in discharge of debt owed/which may be owed by it to Lender under this Agreement. The Borrower agrees, acknowledges and confirms that the PDCs/UDC are intended to be used by Lender to recover the debts/legal liability owed by the Borrower to the Lender under various disbursements made by the Lender under this Agreement at any time as the Lender may consider fit and proper and hereby unconditionally and irrevocably authorises the Lender to use the PDCs/UDC for repayment of the said Outstanding Amounts. On the applicable Due Date or in the event the Lender demands repayment of the said Outstanding Amounts earlier, on such earlier date, the Lender shall have, in its discretion, unconditional and irrevocable authority and power, as hereby given in favour of the Lender, to deposit the PDCs/UDC towards payment/repayment of the said Outstanding Amounts.

2.4. Disbursement

The Facility shall be disbursed by the Lender in the manner provided in the Schedule I (*Disbursement Schedule*) annexed hereto.

2.5. Interest

- (a) The Borrower shall be entitled to an interest free period mentioned in Schedule II (*Interest Rate & Interest Free Period*) (“**Interest Free Period**”) and during such period the Borrower shall not be liable to pay interest to the Lender and Lender shall not charge any interest from the Borrower with respect to the Facility.
- (b) Subject to sub-clause (a) above, the Borrower shall pay interest on the principal amount of the Facility outstanding from time to time at the Interest Rate mentioned in Schedule II (*Interest Rate & Interest Free Period*). Such interest shall be paid in arrears, with monthly rests, or at such periods of rest as may be stipulated and notified by the Lender in writing from time to time. In the event of the Borrower committing a default/delay in the payment of any sum due and/or any breach of terms of this Agreement and/or an Event of Default as per the terms and condition of this Agreement or any related document, the Borrower shall be liable to pay interest at the overdue interest rate as specified in Schedule II, on amount under default beyond Due Date for the period default continues. The Borrower expressly agrees that the rate of such overdue interest rate is a fair estimate of the loss likely to be suffered by the Lender by reason of such delay/ default on the part of the Borrower. In case the Borrower is required to make any payment with regard to or in relation to any interest on the broken period to the Lender, the same shall be charged separately. The payment of overdue interest shall not absolve the Borrower of the other obligations including to make timely payments and/or in respect of such default or affect any of the other rights of the Lender including in respect of the default. It is expressly specified that the above is in addition to and the Lender expressly reserves, all the other rights that may accrue to it on any default by the Borrower. In addition and without prejudice to what is stated hereinabove, the Borrower shall also be liable for all costs, charges and expenses which the Lender may pay or incur in any way resulting from the default of the Borrower.
- (c) In case the amount of the Facility is not drawn down by the Borrower, in whole or in part, within the Availability Period days over and above the Interest Free Period, the Borrower shall be liable to pay penal interest at the rate mentioned in Schedule II (*Interest Rate & Interest Free Period*), in addition to the interest under Clause 2.5 to 2.6, on the total amount of the Facility which is not drawn down from the date of first disbursement of the Facility.
- (d) In case the amount of Facility is drawn down by the Borrower but remains unutilised by the Borrower and is refunded back to the Lender, the Borrower shall be liable to pay penal interest at the rate mentioned in Schedule II (*Interest Rate & Interest Free Period*), in addition to the interest mentioned under Clause 2.5 to 2.6, on the refunded amount of the Facility from the date of first disbursement of the Facility.

2.6. The Borrower is aware and confirms that the Lender shall at any time and from time to time be entitled to change the Interest Rate at its sole discretion, either due to change in its policies, or issuance of RBI guidelines and notifications with respect to the same or for any other reason whatsoever and in such an event the term ‘Interest Rate’ shall for all purposes mean the revised interest rate, which shall always be construed as agreed to be paid by the Borrower and hereby secured. The Borrower shall be informed of any change in the prevailing rate of interest on the Facility, by a prior written notice. Such notice shall be sent by way of registered post to the last provided address of the Borrower to the Lender. Interest on the Facility will begin to accrue in favour of the Lender as and from the date of disbursement of the Facility. Interest and other charges shall be computed on the basis of three hundred sixty five (365) days irrespective of leap year.

3. TAXES

- 3.1.** Save as otherwise provided in the Income Tax Act, 1961, the Borrower shall make all payments to be made by it hereunder without any Tax deduction, unless a Tax deduction is required by Law.. If a Tax deduction including for or on account of any interest Tax is required by Law to be made by the Borrower, the amount of the payment due from the Borrower will be increased

to an amount which (after making such Tax deduction) leaves an amount equal to the payment which would have been due if no Tax deduction had been required.

3.2. The Borrower shall during the currency of the Facility bear all interest Tax or any indirect Tax as may be applicable or as may be levied by a Governmental Authority in relation to any interest or other sum paid/payable by the Borrower to the Lender under this Agreement.

3.3. 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 Goods and Service Tax ("GST"). In case of unregistered Borrower, the address as given under Borrower's Details would be considered for the purpose of computation of GST. In case of registered applicants, the address given under Borrower's Details shall be considered as the registered place of business for the purpose of computation of GST. Please note that for the purpose of this agreement, registered applicant would mean a person registered under the GST Act.

4. INCREASED COSTS

If, by reason of (i) any change in Law, direction from RBI or any other other fiscal, monetary or other authority the Lender incurs a cost as a result of the Lender having entered into and/or performing its obligations under this Agreement and/or assuming or maintaining a commitment under this Agreement and/or making an advance made hereunder; or the Lender becomes liable to pay any tax then the Borrower shall, indemnify the Lender against such increase cost or reduction in rate of return or any other liability.

5. SECURITY & INSURANCE

5.1. (a) The Borrower agrees that the drawals made under the Facility together with interest, compound interest, additional interest, costs, charges, penalties, prepayment interest, expenses and other moneys payable to the Lender under these presents shall be principally secured by hypothecation of the stock of different types of vehicles (three wheelers/four-wheelers/heavy goods carriages etc) purchased by the Borrower from the Manufacturer and/or any other manufacturer irrespective of whether the same has been purchased from the Facility granted to it by the Lender or not ("**Security**"). The Borrower hereby hypothecates and charges in favour of the Lender as and by way of first charge on the Security for the payment to the Lender of all the outstanding obligations under the Facility.

(b) The Borrower shall maintain the Security in good condition and all necessary repairs, additions and improvements thereto will be made during the continuance of this Agreement and that the Borrower will ensure that the state of the Security does not diminish.

© The Borrower shall not remove or cause to be or permit to be removed any of the Security from any of the premises, factories or godowns of the Borrower or wheresoever otherwise they may be kept or divert or cause or permit any of the Security to be diverted while in transit.

(d) If so required by the Lender, the Borrower shall cause to be displayed at all places whereby any of the Security may be kept, sign boards prominently indicating that the Security are hypothecated to the Lender, the sign boards to be displayed in such manner and form as may be required by the Lender. The Borrower pay all rents, taxes, outgoing and other charges in respect of the premises in which the Security are stored and may be kept. (e) The Borrower shall permit the Lender (and any of its representatives), at all times, to inspect, view and examine the state and condition of the Security and/or the documents relating thereto. The Borrower shall also, if required by the Lender, produce the Security and/or the documents relating thereto for inspection to the Lender (and any of its representatives) at such place designated by the Lender (and any of its representatives) at the Borrower's sole cost and expense. (f)

The Borrower shall not :

(i) Sell, mortgage, lease, surrender, or otherwise howsoever alienate, encumber or create any third party interest in the Security or any party thereof.

(ii) Sell, mortgage, lease, surrender, or otherwise howsoever alienate, encumber or create any third party interest in respect to any of its assets such that the same may have a Material Adverse Change on the loan; (iii) Make and/or allow to be made any material alterations and/or additions in the Security without the consent of the Lender;

Any such direct or indirect arrangement / agreement, lien, charge, encumbrance, hire, lease, transfer, or parting with possession of the Security as stipulated above shall be deemed to be an act of criminal breach

of trust and cheating by Borrower and Lender shall be entitled in such circumstances without any prejudice to the other rights of the Lender under this Agreement to initiate appropriate criminal proceeding under the Borrower .

- (g) The Borrower agrees to create such other Security in such form and manner as may be required by the Lender to secure the facilities together with the outstanding obligations details under the Facility. In the event the Security created under this Agreement is found to be insufficient/incorrect in value, the Borrower shall be directed to furnish additional security as may be required by the Lender. Notwithstanding the above, in the event the Borrower is unable to provide any additional security, the Facility may be recalled/repayment of the Facility may be accelerated by the Lender with immediate effect. At no point of time the security margin shall be less than the Required Security Margin. In event the value of the security margin falls below the Required Security Margin, the Borrower shall create additional security or deposit the amount with the Lender so as to maintain the Required Security Margin, Further, in such event penal interest at the rate as specified in Schedule II in addition to the interest under Clause 2.5 to 2.6 of this Agreement, , on the amount of Facility outstanding shall be levied by the Lender till such default continues;
- (h) The Security furnished by the Borrower to the Lender in connection with the Facilities shall be duly perfected and remain as continuing security to the Lender and the same shall be binding upon the Borrower. The Borrower agrees that the Security shall not be discharged/released by intermediate payment by the Borrower or any settlement of accounts by the Borrower till such time the outstanding obligations are fully paid to the satisfaction of the Lender and the Lender consents to give a discharge/ release in respect of the Securities in writing to the Borrower.
- (i) The Securities shall be in addition to and derogation of any other security which the Lender may at any time hold in respect of the Borrower's dues and shall be available to the Lender until all accounts between the Lender and the Borrower in respect of the Facilities that the ultimately settled.
- (j) The Borrower further agrees that the Security shall also be security for all the other monies that may be due and payable by the Borrower and the Lender, on any account whatsoever, whether present or future, including any liability of the Borrower as a surety or co-obligator either singly or along with any other person.
- (k) The Borrower agrees with and undertakes that the Lender shall have a exclusive charge over the security and the Borrower shall not create any other encumbrance, charge or security interest in the Security so created or any of them in favour of any other person or body, except with the prior written consent of the lender.
- (l) The Borrower agrees that any security provided by the Borrower to the Lender under any other credit facility shall be available to the Lender under this Agreement upon the occurrence of an Event of Default under this Agreement and vice versa.

5.2. In case the lender so requires, the Borrower hereby agrees to procure a guarantee executed by such persons as required by the Lender and in the form and manner to the satisfaction of the lender.

5.3.The Borrower shall, on fortnightly basis, forward to the Lender an advice detailing the inventory of the Vehicles sold to the purchasers which are routed to the Lender by the Borrower, the amounts received thereon and the amount remaining unutilized under the Facility so availed by the Borrower.

5.4.The Borrower further confirms and agrees to the following terms and conditions with respect to the Security created in favour of the Lender under this Agreement :-

- (a) The Borrower hereby expressly agrees that, if in the sole opinion of the Lender, the Borrower has defaulted in any of its obligations under this Agreement or otherwise, the Lender shall be entitled to enforce the said Security without notice to the Borrower and utilize the proceeds thereof firstly towards the costs, interest/s, expenses, payable by the Borrower; secondly towards additional finance charges; thirdly towards finance charges; fourthly towards the principal amount of the said Facility and lastly towards any cost of any damage or loss caused to the Lender arising out of or through such default on the part of the Borrower.
- (b) The Borrower shall execute the following:
 - (i) a demand promissory note in favour of the Lender for the total amount of the Facility together with a letter of continuity;

- (ii) any such agreement/s, document/s, undertaking/s, declaration/s, irrevocable power of attorney/s that may be required now or hereafter at any time during the Tenor of this Facility/or any other loan or loans granted by the Lender hereafter.
- (c) Additionally, the Borrower shall procure the Guarantee from the Guarantor, in order to secure the Facility.
- (d) The appropriation by the Lender of the said Security (or any part thereof) in accordance with the provisions of this Agreement shall not discharge or relieve the Borrower of its obligations to the Lender under this Agreement, and shall be without prejudice to any other right and/or remedy that the Lender may have at equity or in Law.
- (e) Further, the Borrower expressly accepts that if the Borrower fails to pay the Outstanding Amounts on the Due Date(s) or which may be declared due prior to the date when it would otherwise have become due or commits any other default under this Agreement then in such event the Lender shall, without prejudice to any other right that the Lender has in Law or equity, be absolutely entitled to exercise all or any of rights of lien and set-off to recover dues from the Borrower.
- (f) The Borrower agrees that, during the subsistence of this Agreement, the Lender can demand further/additional security for any reason including that the security margin i.e. the value of Security over the Outstanding Amounts, at any point of time, has become less the margin specified in Schedule I of the Outstanding Amounts (“**Required Security Margin**”). On such demand, the Borrower shall promptly provide and furnish to the Lender, to its satisfaction, such additional security as may be acceptable to the Lender and non-compliance of same shall constitute an Event of Default. The Borrower 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.
- (g) In the event of any failure in the creation of the Security agreed hereunder, within the time specified thereof, the Borrower shall be liable to pay to the Lender additional interest at the rate of 2% per annum in addition to the interest under Clause 2.5 to 2.6 of this Agreement, compounded monthly, on the amount of Facility outstanding, for period during which the default continues.
- (h) The security, created/to be created by the Borrower/s in favour of the Lender shall be released by the Lender on payment of all the amounts including and not limited to the Outstanding Amounts in full, to the satisfaction of the Lender by the Borrower (whether a Borrower or the Guarantor) to any of the Lender’s affiliates or group companies arising out of this Agreement or any other agreement/ arrangement/understanding.

5.5. Insurance

- (a) The Borrower shall, at its own cost and expense, keep or cause to have kept the Security fully insured against such risks, and for such amount(s) and for such period and in such form(s) as the Lender may from time to time require, with the Borrower named as loss payee therein.
- (b) In relation to such insurances as are required to be maintained pursuant to Clause 5.5 (a) above, the Borrower shall not do or allow to have been done any act which may invalidate such insurance.
- (c) In the event the Borrower becomes entitled to make any claims under the above insurances, it shall promptly make a claim under such insurances and first apply all monies received either in reinstatement of the Security insured or towards repayment of the Outstanding Amounts.

6 ILLEGALITY

If, at any time, it is unlawful for the Lender to make, fund or allow to remain outstanding the Facility made or to be made by it hereunder by reason of suspension or otherwise for any other reason whatsoever, then the Lender shall, promptly after becoming aware of the same, deliver to the Borrower a certificate to that effect and:

- (a) the Lender shall not thereafter be obliged to make an advance hereunder and the amount of the available Facility shall be immediately reduced to zero; and
- (b) the Lender shall be entitled to re-call the entire Facility and/or the Outstanding Amounts forthwith and the Borrower shall on such date as the Lender may specify, without demur/protest/dispute whatsoever, repay the Facility along with interest thereon and the Outstanding Amounts and all other amounts owing to the Lender under this Agreement.

7 REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

- (a) The Borrower has the power and authority to carry on its business as it is now being carried on and to own and create security over its movable and immovable assets;
- (b) All actions on the part of the Borrower, its directors or shareholders or partners or governing body or members, necessary for the due authorization, execution and delivery of this Agreement, and performance of the obligations hereunder, and the documents to be executed in pursuance hereof, including towards perfection of Security, has/have been duly taken and adopted and is/are in full force and effect;
- (c) The officers and employees and agents of the Borrower executing this Agreement and the documents to be executed in pursuance hereof, are fully and duly authorized to execute the same, and the Lender shall have no cause to make enquiry or satisfy itself independently in this regard;
- (d) This Agreement and the documents creating the Security, when executed and delivered, will constitute valid and binding obligations of the Borrower;
- (e) The Borrower has not taken any corporate or other action, nor have any steps been taken or legal proceedings of any manner been initiated or threatened against the Borrower for its winding-up, dissolution, administration, re-organisation, insolvency, bankruptcy or for appointment of receiver, administrator or other court officer of the Borrower on all or any of its assets, business or undertakings;
- (f) As of the date of this Agreement there is no litigation, proceeding or dispute or action, pending or threatened, against the Borrower and the Guarantor, the adverse determination of which might affect the Borrower's ability to repay the Facility/Outstanding Amounts or perform any of its obligations hereunder or have a materially adverse effect on the financial condition of the Borrower;
- (g) The purpose for which this Facility is taken is not illegal, speculative or nefarious;
- (h) The Borrower and/or its group company's affiliates have no over dues/not defaulted in repayment of any amount due and payable to any other bank/financial institutions;
- (i) No Event of Default or potential Event of Default has occurred and/or is in existence or continuing;
- (j) The execution and delivery of this Agreement and documents to be executed in pursuance hereof, including towards creation of the Security (if any), and the performance of the Borrower's obligations hereunder and there under does not and will not (i) contravene any applicable Law, statute or regulation or any judgement or decree to which the Borrower and/or its assets, business and/or undertakings is subject, (ii) conflict with or result in any breach of, any of the terms of or constitute default of any covenants, conditions and stipulations under any existing agreement or contract or binding to which the Borrower is a party or subject, or (iii) conflict or contravene any provision of the memorandum and the articles of association and/or any constituting/governing documents of the Borrower;

- (k) The audited annual accounts of the Borrower for the period as asked for by the Lender have been prepared in accordance with generally accepted accounting principles consistently applied and give in conjunction with the notes thereto, a true and fair view of the financial condition and position of the Borrower during the financial year then ended;
- (l) There has been no material adverse change in the financial condition of the Borrower, nor has any event which is or may be prejudicial or materially detrimental to the interest of the Lender and/or which is likely to materially and /or adversely affect the ability of the Borrower to perform all or any of its obligations under this Agreement or the ability of the Lender to exercise its rights hereunder/or under the documents creating the Security and/or to receive due repayment and payment of the amounts due by the Borrower under this Agreement, has taken place since the date of the last audited financials of the Borrower or is likely to occur;
- (m) The Borrower will not seek to claim or recover from the Lender on any grounds whatsoever and/or in any circumstances whatsoever, any purported damages or compensation, direct, indirect or consequential, for any acts or actions whatsoever of the Lender hereunder and/or in respect of the Facility and/or the Security, taken or omitted by the Lender in terms hereof;
- (n) (i) The fair value of the assets of the Borrower exceeds its aggregate liabilities; (ii) the Borrower has the ability to meet all of its obligations as they mature; and (iii) the Borrower has sufficient capital to carry on its business;
- (o) The Borrower further acknowledges and confirms that the information provided to the Lender in connection with the Facility and/or the Security does not contain any untrue statement of a material fact, nor does it omit to state a material fact necessary in order to make the statements contained therein misleading in light of the circumstances under which such statements were or are made;
- (p) The Borrower shall permit the Authorised Representative of the Lender or any of its officers or architects and/or technical consultants and/or qualified auditors and/or lawyers and/or management consultants as appointed by the Lender to carry out any technical and/or financial and/or accounting systems and/or legal and/or managerial level inspections with reference to the Borrower's business at all or any of its branch offices at the cost of the Borrower if so required, by the Lender at its sole discretion. The costs, charges and expenses including professional fees and travelling and other expenses for such inspection shall be payable by the Borrower. In the event, the Borrower fails to make such payment, the Lender can pay such expenses to the Authorized Representative or any of its officers or architects/engineers/ chartered accountant/lawyers/auditors, and the Borrower shall be liable to reimburse the said expenses to the Lender, together with interest thereon at the same rate as on defaulted/delayed instalments, from the date of such payment until such reimbursement, the said amount shall be secured under the Security created in terms hereof;
- (q) **Compliance of Know Your Customer (KYC) Policy:**
The Borrower is fully aware of the KYC Policy and confirms that the information/ clarification/ documents/ signage provided by it on its identity proof, address proof, authorised signatory, board resolution, PAN and ITR's and all other material facts are true and correct and the transaction, etc. are bonafide and as per Law. The Borrower further confirms that it has disclosed all facts/information as are required to be disclosed for the adherence and compliance of the provisions related to the KYC Policy.
- (r) .

8 COVENANTS

8.1 Affirmative Covenants

The Borrower covenants and undertakes that, so long as the Facility shall remain outstanding, and until the full and final payment of all monies owing hereunder, it shall, unless the Lender waives compliance in writing:

- (a) utilise the Facility only for the purpose granted, as mentioned in the recitals of this Agreement and shall not be used for any investment in share market, real estate or for any subsidiary/associates of the Borrower or for any speculative purposes;
- (b) pay the Facility and interest thereon and all other monies owing to the Lender hereunder, according to the terms hereof;
- (c) maintain its corporate/legal existence and all rights and privileges enjoyed by it and obtain and comply with the terms of and do all that is necessary to maintain in full force and effect, all authorizations, approvals, licenses and consents required (of the Government or any statutory body, agency or authority) to enable it to lawfully carry on its business and affairs and to enter into and perform its obligations under this Agreement and in respect of the Facility, and to ensure the legality, validity, enforceability and admissibility in evidence of this Agreement;
- (d) promptly inform the Lender of any material litigation, arbitration, material adverse effect or other proceedings which affects or may affect the Borrower, forthwith upon the same being instituted or threatened by any person whatsoever including if a claim for money is made against the Borrower, or enforcing against the Borrower any guarantee or indemnity given by the Borrower;
- (e) promptly inform the Lender of the occurrence of any Event of Default or of the occurrence of an event which, with the passage of time or the giving of the notice would become an Event of Default, and also, where applicable, of the steps being taken to remedy the same, and will, from time to time, if so requested by the Lender, confirm to the Lender in writing that save as otherwise stated in such information, no default has occurred and/or is continuing;
- (f) pay regularly all Taxes, assessments, dues, duties, levies and impositions as may, from time to time, be payable to any Governmental Authority;
- (g) abide by the regulatory guidelines so as to deploy funds sanctioned/ disbursed by the Lender to the Borrower, only in the permissible areas and in conformity with the guidelines laid down by the regulatory authority/development authority;
- (h) maintain insurances on and in relation to its business and assets and properties with an insurance company/companies against such risks and to such extent as is usual and appropriately prudent for companies carrying on the business such as that carried on by the Borrower;
- (i) (i) Maintain adequate and proper books, accounts and records in accordance with generally accepted accounting principles and practices, consistently applied, which should correctly reflect its financial position and scale of operations and should not radically change its accounting system without prior written notice to the Lender; (ii) it should not change its accounting system at any time during the Term of the Facility without providing an advance written notice of fifteen (15) days to the Lender; and (iii) it should submit to the Lender at regular intervals such statements as may be prescribed by the Lender;
- (j) perform, on request of the Lender, such acts as may be necessary to carry out the intent of this Agreement. Promptly inform the Lender of any distress or other process of court being taken against any of the Borrower's premises and/or property and/or assets;
- (k) promptly inform the Lender of any change likely to take place in the ownership or control of the Borrower whereby the effective beneficial ownership or control of the Borrower will materially change;
- (l) deliver to the Lender in form and detail satisfactory to the Lender and in such number of copies as the Lender may request of:
 - (i) 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;
 - (ii) Such other statement or statements or information pertaining to the operations of the Borrower as the Lender may reasonably require, within such period as required by the Lender from time to time.

- (m) in the event of any delay in creation of security and registration of charges with Registrar of Companies (**ROC**) by the Borrower to the Lender under this Agreement, the Borrower shall be liable to pay additional interest at the rate of 2 % per annum in addition to the interest under Clause 2.5 to 2.6 of this Agreement, compounded monthly, on the amount of Facility outstanding, for period during which the default continues;
- (n) in the event of any delay in payment of amount of interest or principal or other amounts by the Borrower to the Lender under this Agreement, the Borrower shall be liable to pay interest at overdue interest as specified in Schedule II, compounded monthly, on the amount of Facility outstanding, for period during which the default continues;
- (o) allow the Lender, prior to the disbursement of the Facility, to conduct satisfactory due diligence of the book debts and provide the Lender with all relevant records pertaining to the book debts for the purpose of conducting the said due diligence;
- (p) submit to the Lender a notarized affidavit to the effect that the name of the director(s) of the Borrower including the Guarantor does not appear in the defaulter's list maintained by the RBI, Export Credit Guarantee Corporation of India ("**ECGC**") or any other agency and any name appearing in such list which is similar/identical to the name of the director(s) of the Borrower is not that of the director(s) of the Borrower. The Lender shall verify with the ROC regarding the name of the director(s) of the Borrower including the Guarantor appearing in the defaulter's list maintained by the RBI, ECGC or any other agency and regarding director's identification number in case of any name appearing in such list which is similar/identical to the name of the director(s) of the Borrower;
- (q) **Insolvency**
 - (i) 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 Laws.
- (r) **Furnishing of Documents**

Without prejudice to the Borrower's obligations under Clause 8.1(l), the Borrower shall furnish to the Lender:

 - (i) Details of the happening of any event which is likely to have an impact on profits or business or financial health (political crisis, Government actions etc.) of the Borrower and/or its subsidiaries (if any) or in any manner may prevent it/them from performing its obligations under this Agreement and more particularly, if the monthly production or sale and profits are likely to be substantially lower than already indicated to the Lender. The Borrower will accordingly with reasons and remedial steps proposed to be taken furnish a statement in this regard to the Lender.
 - (ii) Publicly available information and statements revealing the financial condition and operations of the Borrower, as the Lender may from time to time require.
 - (iii) Due diligence report certified by a practising company secretary on quarterly basis.
 - (iv) ROC search report on a quarterly basis.
- (s) The Borrower further confirms and/or undertakes as follows:
 - (i) The Borrower will inform all its other lenders all about the Facility availed from the Lender within thirty (30) days of disbursement.
 - (ii) The Borrower shall give prior permission in writing from the Lenders before taking any credit facility from any lender/bank and shall submit the final sanction letter with the Lender.

- (iii) The Borrower will forthwith report to the Lender all frauds / defalcations along with the action taken / proposed report.
- (iv) The Borrower further confirms and/or undertakes to the Lender that :-
 - (A) Neither Borrower nor its directors or Guarantor are defaulters in any of the defaulters list issued by RBI / ECGC / CIBIL or any other credit rating agency.
 - (B) It shall submit to the Lender its half yearly financial data and/or periodic performance review reports as may be required by the Lender;
 - (C) It will inform the Lender of any borrowing arrangements either secured or unsecured with any other bank or financial institution, society or otherwise immediately.
 - (D) It shall inform in advance to the Lender of the Borrower or any of its directors/Guarantor assuming, guaranteeing, endorsing or in any manner becoming directly or contingently liable for or in connection with the obligation of any person/company other than itself.
- (v) That the Lender reserves at its sole discretion the right to make disbursement or withhold the same without assigning any reason and the Borrower will not make any claim whatsoever due to non-disbursement of the Facility or any part thereof.
- (vi) The Lender reserves the right to cancel/alter and/or to modify the credit limits/loans sanctioned and/or any terms and conditions as the Lender may deem fit absolutely at its discretion without notice and without assigning any reason thereof.
- (vii) That the Lender reserves the right to examine at all times the books of accounts of the Borrower and shall have the Borrower's branches inspected, from time to time by officer(s) of the Lender and/or qualified auditors and/or technical experts and/or management consultants of the Lender's choice. The cost of such inspection shall be borne by the Borrower.
- (viii) The Lender shall have unconditional right to cancel the un-drawn portion of the Facility.
- (ix) The Borrower shall pay the charges to the Lender as per the Lender's schedule of charges for various services rendered by the Lender.
- (x) The Borrower shall ensure that unsecured loans taken from friends, relatives and other associates shall not be withdrawn during currency of this Facility of the Lender. The Borrower agrees that it shall execute such additional documents as may be required by the Lender from time to time with regards to Facility extended under this Agreement.
- (t) The Borrower shall maintain adequate books of accounts, which shall reflect correct financial position and scale of operations of the Borrower and shall not change the accounting system without prior written notice to the Lender.
- (u) The Borrower hereby agrees and confirms to abide by the rules/regulations/circular/ directions published time by time.
- (v) The Borrower shall maintain the Required Security Margin as provided in this Agreement throughout the Tenor of the Facility.
- (w) The Borrower confirms and undertakes that all payment of the instalments by the Borrower are from its own sources and the Borrower has not availed any external secures/unsecured loan/facility for such payments.
- (x) The Borrower undertakes to submit monthly stock-statement of the Security within 7 (seven) Business Days of the succeeding month from the end of the month

- (y) The Borrower shall not induct any person on its board of directors, who has been identified as a wilful defaulter by the RBI and take expeditious and effective steps for removal of such person, in case such person is found to be on the board of the Borrower. The Borrower also agrees and undertakes to give an undertaking to this effect to the Lender by way of a separate letter to be duly executed by the Borrower on a non-judicial stamp paper of appropriate value.
- (z) [The Borrower shall ensure that there is no dilution in the shareholding of the Guarantor in the Borrower after the execution of this Agreement and there is no change in the key management of the Borrower, failing which the Lender shall have right to recall the Facility and the Borrower shall be liable to repay immediately the Outstanding Amount of the Facility to the Lender.].]

8.2 Negative Covenants:

- (a) The Borrower covenants and agrees that so long as the Facility or any part thereof is outstanding, and until full and final payment of all the Outstanding Amounts owing hereunder, it shall not, without the prior written consent of the Lender having been obtained:
 - (i) Create or permit to subsist any encumbrance/charge over all or any of the Security created by the Borrower in favour of any other company, financial institution, banks, company or any other person;
 - (ii) Effect any changes in its capital structure including but not limited to merger, amalgamation, reconstruction or consolidation without the prior written consent of the Lender;
 - (iii) Formulate/ effect any merger, amalgamation, reconstruction or consolidation;
 - (iv) Effect any material change in the management/ownership of the Borrower;
 - (v) Restructuring/winding up/bankruptcy of the Borrower;
 - (vi) Cancellation of approval by any developing authority or material delay in receiving the approval which can substantially delay or discard the project;
 - (vii) Any material fact concerning the Borrower's profits etc., or ability to repay the Facility and/or pay the Outstanding Amounts, or any other relevant aspect of it is withheld, suppressed, or concealed or not made known to us;
 - (viii) Make any alterations in the memorandum and articles of association;
 - (ix) Compulsory acquisition, nationalisation or expropriation of a substantial part of the assets of the Borrower;
 - (x) Monies brought in by principal shareholders/directors/depositors/[Guarantor] will not be allowed to be withdrawn by the Borrower without prior written consent of the Lender;
 - (xi) Invest by way of share capital in or lend or advance funds (except for the purpose for which Facility is availed) to or place deposits with any other concern;
 - (xii) Utilize the Facility for (a) making investments both of current and long-term nature, in any company/entity by way of shares, debentures, etc.; and (b) granting unsecured loans/intercorporate deposits to/in any company and for granting any loans and advances to subsidiaries, group companies/entities;
 - (xiii) Declare dividends for year except out of profits relating to that year after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations;

- (xiv) Make any payment to any related parties / sister concerns / group companies until its obligations of repayment of principal, payment of interest, overdue interest, costs, charges fees etc. to the Lender have been complied;
- (xv) [Pay any consideration by way of commission, brokerage, fees or in any other form to the Guarantor directly or indirectly;]
- (xvi) Conclude any fresh borrowing arrangement either secured or unsecured with any other bank or financial institutions, borrower or otherwise, nor create any further charge, lien or encumbrance over their fixed assets and properties;
- (xvii) Undertake any expansion or fresh project or acquire fixed assets, while normal capital expenditure, e.g. replacement of parts, can be incurred;
- (xviii) Undertake guarantee obligations on behalf of any other borrower or any third party;
- (xix) Make any repayment of any other loans and deposits and discharge other liabilities except those shown in the funds flow statement submitted to the Lender from time to time;
- (xx) Create, incur or assure any further indebtedness for borrowed money except any indebtedness which arises in the ordinary course of business;
- (xxi) Make any major change in their management set up.

9 CONDITIONS PRECEDENT TO THE DISBURSEMENT OF THE FACILITY

The obligation of the Lender to make the disbursement under the Facility shall be subject to delivery to the Lender of the documents provided below, in form and substance satisfactory to the Lender. Failure to fulfil any of the conditions precedent could result in the Lender refusing to disburse the Facility at its sole discretion:

- (a) A certified copy of the memorandum and articles of association, or the charter documents of the Borrower as may be amended from time to time;
- (b) A confirmation in writing that there has been no default status of account from other lenders/bankers;
- (c) Upfront creation of the Security as agreed under this Agreement;
- (d) Satisfactory CIBIL report in respect of the Borrower and its directors;
- (e) Signing of all the facility documents as suggested by empanelled lawyers, to the satisfaction of the Lender;
- (f) Payment of other charges as mentioned in this Agreement;
- (g) At the time of disbursement, the Borrower should arrange to get all the underlying assets fully insured and submit a certificate at half yearly intervals regarding adequacy/validity/ currency of all the insurance policies;
- (h) Two (2) certified true copies of Board Resolution for above borrowing and authorization to sign the document to be executed between the Parties pursuant to this Agreement, where the Borrower is a company;
- (i) Form CHG-1 (Registration of Charge in Borrower's books) to be registered with ROC within thirty (30) days of documentation, where the Borrower is a company;
- (j) A certificate from statutory auditor about list of current directors, shareholding pattern and status of share pledge if any;

- (k) List of directorship & shareholding of directors of the Company in other companies;
- (l) Suitable signboard stating “Our Lender – AU Small Finance Bank Limited” to be displayed at the prominent premises of the Borrower;
- (m) A certified copy of the resolution under Section 180(1)(c) of the Companies Act, 2013 passed by the Borrower in general meeting and a certificate from the auditor of the Borrower that the obligations of the Borrower under this Agreement would not exceed the limits prescribed in resolution passed under Section 180(1)(c) of the Companies Act, 2013;
- (n) A certificate signed by an authorized signatory of the Borrower certifying that (i) the representation and warranties in Clause 7 are true and correct as at the date of this Agreement, and (ii) that no default is existing as at the date of this Agreement;
- (o) All relevant records pertaining to book debts are made available to the Lender for conducting the due diligence;
- (p) No Event of Default as defined in Clause 12 below shall have happened and be continuing;
- (q) **Evidence for utilization of disbursement:**
Such disbursement shall, at the time of request thereof, be needed immediately by the Borrower for the purposes for which the assistance is provided by the Lender, and the Borrower shall produce such evidence as to proposed utilization of the proceeds of the disbursement as may be required by the Lender.
- (r) **Extraordinary circumstances:**
No extraordinary circumstances shall have occurred which shall make it improbable for the purpose for which assistance is provided to be carried out and/or for the Borrower to fulfil its obligations under this Agreement.
- (s) **Utilization of prior disbursement:**
The Borrower shall have satisfied the Lender about the utilization of the proceeds of any prior disbursement.
- (t) The Borrower shall deliver to the Lender specimen signatures of the Authorized Signatories of the Borrower;
- (u) The Borrower shall furnish to the Lender such information/documents including quarterly/annual financial accounts as may be required by the Lender for review/renewal of the Facility;
- (v) The representations made by the Borrower shall continue to remain true and correct at the time of each disbursement request (in the event the Borrower desires to get Facility amount disbursed in multiple tranches);
- (w) The Borrower shall furnish to the Lender confirmation with respect to the Outstanding Amounts at such intervals as may be asked for by the Lender;
- (x) The Borrower has executed in favour of and delivered to the Lender all Security Documents created herein and as may be required to be executed by the Borrower;
- (y) The Borrower shall furnish a confirmation stating that no material adverse change has occurred; and
- (z) The Borrower shall ensure that irrevocable and unconditional personal guarantee of the Guarantor is executed in favour of the Lender.

10 PURPOSE OF THE FACILITY

- 10.1 The Borrower undertakes and confirms that the entire Facility amount shall be utilized/ deployed towards purchase(s) of various types of vehicles by the Borrower from the Manufacturer or any other manufacturer which shall be sold to the retail purchasers during the course of its business.
- 10.2 Any default, fraud, legal incompetence during the currency of the limits, non-compliance of agreed terms and conditions, non-submission of required papers, overdues in the working capital loan, any other irregularities by the Borrower will enable the Lender to recall the Facility.

11 CROSS DEFAULT

- 11.1 The Borrower hereby agrees, declares and confirms that the Lender may at its absolute discretion, appropriate any payments made by the Borrower under this Agreement towards payment due under any other indebtedness of the Borrower or of any of its promoters/ affiliates/ agents/associates/group companies/ directors (independent or executive)/subsidiaries /assigns and such appropriation shall be final and binding upon the Borrower, 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 another indebtedness.
- 11.2 The Borrower hereby agrees, declares, confirms and authorizes the Lender to take in its custody any of the Borrower's securities (whether given to the Lender under this Agreement or under agreement executed between the Borrower and the Lender in respect of any other loan granted by the Lender to the Borrower), monies and/or any of its other assets lying with the Lender's associate(s), in the event of any default on part of the Borrower, or on part of any or all of its promoters/ affiliates/ agents/associates/group companies/ directors (independent or executive)/ subsidiaries /assigns, whereby any sum is due and payable to the Lender. On taking into custody any of the said assets, the Lender shall at its sole discretion sell the same to recover its dues, without any reference or recourse to the Borrower and use the proceeds towards satisfaction of such dues. The Borrower hereby permits the Lender's associate(s) to transfer the said assets to the Lender, without any reference or recourse to the Borrower. The Borrower will, at the request of the Lender give an undated and inchoate letter, with the authority to fill in the blanks to the Lender at the time of the occurrence of any Event of Default which would call upon the Lender's associate(s), to transfer the said assets to the Lender.
- 11.3 In addition, notwithstanding the amount of the Facility balance, the Borrower hereby expressly gives the Lender, the power to appropriate, sell/transfer or otherwise dispose of any and all the Security created by the Borrower in favour of the Lender under the Security Documents or deposited with it or under its possession or control and appropriate the same towards satisfaction of amounts due under any indebtedness of the Borrower or any of its promoters/ affiliates/ agents/associates/group companies/ directors (independent or executive)/subsidiaries /assigns towards satisfaction of amounts due under any indebtedness. The provisions of this Agreement and any Security Documents executed pursuant to this Agreement shall apply *mutatis mutandis* to the manner of disposal/enforcement of Security and appropriation under this Clause. This Clause shall survive the termination of this Agreement.

12 EVENT OF DEFAULT

- 12.1 If one or more of the events specified in this Clause ("**Events of Default**") shall have happened then, the Lender by a written notice to the Borrower declare the principal amount, all accrued interest on the Facility and all other charges and dues that may be payable by the Borrower under or in terms of this Agreement and/or any other agreements, documents subsisting between the Borrower and the Lender, to be due and upon such declaration the same shall become due and payable forthwith and the Security in relation to the Facility and all other loans shall become enforceable, notwithstanding anything to the contrary in this Agreement or any other agreement or document.
- 12.2 The occurrence of any one or more of the following events shall constitute an Event of Default:
- (a) **Non-Payment:**

If the Borrower fails to pay any sum due hereunder this Agreement, whether principal/interest(s)/fees/costs/charges/expenses or otherwise due from it hereunder within the stipulated time and/or in the manner specified in this Agreement and/or in accordance with the terms of any other document executed or written in pursuance hereof between the Parties;

(b) **General Default:**

If there is a breach of, or omission to observe, or default by the Borrower in observing any of its, obligations, covenants or undertakings or any term, condition, provision hereof;

(c) **Mis-Representation:**

If any representation or warranty or assurance or covenant on the part of the Borrower made or deemed to have been made by the Borrower in pursuance of this Agreement or in any notice, certificate or statement or other writing referred to herein or delivered hereunder is proved or found to be incorrect or misleading in any material respect;

(d) **Insolvency**

(i) 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.

(e) **Cross Default:**

If there is any default by the Borrower, under this Agreement or any other agreement or other writing between the Borrower and the Lender or its affiliates, or under any other agreement between the Borrower and any bank or financial institution or writing of indebtedness of the Borrower, or in the performance of any covenant, term or undertaking thereunder, or any indebtedness of the Borrower not being paid when due or any creditor of the Borrower becoming entitled to declare any indebtedness of the Borrower due and payable prior to the date on which it would otherwise have become due or any guarantee or indemnity or collateral given, in terms of support agreement entered into by the Borrower not being honoured when due and called upon;

(f) If the Borrower sells, transfers or otherwise disposes off the whole or a substantial part of its undertaking or assets, whether by a single transaction or a number of transactions, without the prior written consent of the Lender;

(g) If the security margin has become less than the Required Security Margin and the Borrowers fail to furnish within a period of ten (10) days such additional security with the Lender which is necessary to maintain the Required Security Margin;

(h) If the Security is, without prior written permission of the Lender, let out, given on leave and license, sold, disposed off, charged, encumbered or otherwise alienated or any charge/third party rights have been created in respect thereof;

(i) If an attachment is levied on the Security or any part thereof and/or certificate proceedings are taken and/or commenced for recovery of any dues from the Borrower;

(j) If an execution, attachment or restraint has been levied on all or any material part of the assets of the Borrower, and is not discharged or stayed within five (5) Business Days of having been so levied;

(k) If any execution or distress is levied against the whole or any part of the Security, undertaking or assets of the Borrower or an encumbrance/other officer of any governmental department takes possession of the whole or any part of such Security, undertaking or assets of the Borrower or any encumbrance over the whole or any part of such Security, undertaking or assets of the Borrower becomes enforceable.

(l) **Cessation of Business:**

If the Borrower ceases or threatens to cease to carry on the business which it carries as on the date hereof;

(m) **Repudiation:**

If the Borrower repudiates this Agreement or does or causes to be done any act or thing evidencing an intention to repudiate this Agreement and/or any other document in relation to this Agreement;

(n) If any Governmental Authority condemns, nationalises, seizes, and/or otherwise expropriates all or any part of the assets of the Borrower or assumes custody or control of the business and/or operations of the Borrower, or takes any action for the dissolution of the Borrowers, or any action that would prevent the Borrowers, or their officer(s) from carrying on the business or operations or a substantial part thereof;

(o) If there is any change in the ownership, shareholding pattern, share capital, capital structure or management of the Borrower, which in the sole opinion of the Lender would prejudicially affect the interest of the Lender;

(p) If there is any change in the constitution, management or existing ownership or control of share capital of the Borrower (in case the Borrower is a company or partnership firm);

(q) **Material Adverse Change:**

If there occurs any event, incident or situation including but not limited to any material adverse change as determined solely by the Lender in the business or financial or other condition or operations or prospects of the Borrower in which the Borrower has invested, including any legal or other action taken by any creditor against the Borrower, which in the sole opinion of the Lender is prejudicial to the interests of the Lender or in the sole opinion of the Lender is likely to materially affect the financial condition of the Borrower and/or its ability to perform all or any of its obligations under this Agreement and/or otherwise in respect of the Facility and to comply with any of the terms of this Agreement and/or in respect of the Facility (“**Material Adverse Change**”), such information shall reach the Lender within ten (10) days of any such event.

(r) If it becomes unlawful for the Borrower to perform all or any of its respective obligations, as determined by the Lender under this Agreement and Security Documents, and if such unlawfulness is not remedied within five (5) Business Days after receipt of prior written notice of such unlawfulness given to the Borrower’s by the Lender (except in any case where the unlawfulness is incapable of remedy, when no such notice as is mentioned herein will be required);

(s) If any commitment for any indebtedness of the Borrower is cancelled or suspended by any other lender as a result of an event of default under such lender’s document (howsoever described);

(t) If the Borrowers acts/or desists from acting, in any manner which jeopardizes the powers vested in the Lender under this Agreement or any power(s) of attorney from being exercised solely by the Lender (acting through its Authorised Representatives);

(u) If there is any commencement of a legal process against the Borrowers under any criminal Law in force;

(v) If any ordinance/legislation has been promulgated/legislated either by the Centre or by any State Legislature which in the opinion of the Lender may affect the business of the Borrower;

(w) If the Borrower misuse the Facility or any part thereof for any purpose other than for which the Facility has been sanctioned;

(x) If a receiver is appointed or an attachment is levied on any of the Borrower’s properties or assets;

(y) If any consent, authorization, approval or license of or registration with or declaration to governmental or public bodies or authorities is required by the Borrower in connection with the execution, delivery, validity, enforceability or admissibility in evidence of this Agreement or the performance by the

Borrower of their obligations hereunder is modified in a manner unacceptable to the Lender or is not granted or revoked or terminated or expires and is not renewed or otherwise ceases to be in full force and effect;

- (z) If there is any breach of the terms & conditions of the Repayment Schedule;
- (aa) If any material fact concerning Borrower's profit or ability to repay or any other relevant aspect of its loan application is withheld, suppressed or concealed or not made known to the Lender;
- (bb) If the Borrower fails to fulfil the terms of the undertaking furnished by it;
- (cc) If any Security for the Facility becomes infructuous or is challenged by the Borrower or any other person;
- (dd) A resolution for winding –up of the Borrower is passed or if a liquidator is appointed in respect of any property or estate of that Borrower;
- (ee) If the Borrower fails to sign and deliver to the Lender the balance confirmation of the Facility as and when so required by the Lender in the absence of any manifest error in calculation of such statement pointed out by the Borrower within 30 (thirty) days after receiving the balance confirmation statement from the Lender;
- (ff) If the Security furnished by the Borrower is subsequently found to be inferior value to that as declared by the Borrower to the Lender;
- (gg) If the title of the Borrower in respect of the Security is found to be defective or any statutory authority including but not limited to municipal corporation has initiated any action against the Borrower or their directors in relation to the Security;
- (hh) If for any unforeseen reason the transaction turns to be unviable for the Lender;
- (ii) If any notice of acquisition is received by the Borrowers from any authority under any Law for the time being in force.

12.3 (a) On the question whether any of the above Event of Default has occurred, the decision of the Lender shall be final, conclusive and binding on the Borrower. If and when the Lender decides that there is an Event of Default, the Borrower shall sign and execute a declaration confirming that the Event of Default has occurred, in the form provided by the Lender.

(b) Without prejudice to any other provisions of this Agreement, if an Event of Default occurs in respect of the Facility between the Lender and the Borrowers in pursuance of this Agreement, it shall be deemed as if an Event of Default has occurred in respect of all loan facilities (including the loan facilities granted by the Lender to Affiliates of any of the Borrowers), even if the Borrowers have performed all their obligations here under, and the provisions of this Agreement shall apply as if an Event of Default has occurred in respect of all loan facilities.

12.4 Consequences of Events of Default

- (a) Upon occurrence of Event of Default, the Lender shall give a prior written notice to rectify/remedy the default under the Event of Default (if such default is remediable/ rectifiable) and if the Borrower fails to remedy/rectify the Event of Default within the said notice period of 30 days, following consequence shall follow:
 - (i) cancel the Facility (and reduce it to zero) whereupon the Facility shall immediately be cancelled (and reduced to zero);
 - (ii) suspend any further drawdown or cancel any undrawn portion of the Facility;

- (iii) declare that all or part of the Outstanding Amounts, together with accrued interest, and all or any other amounts accrued or outstanding under the Facility, be immediately due and payable, whereupon they shall become immediately due and payable;
 - (iv) cause the entire or part of the Outstanding Amounts payable under the Facility to be converted into fully paid up equity shares of the Borrower (where the Borrower is a company) in accordance with the SDR Scheme or otherwise, or other relevant regulations issued by relevant Governmental Authority;
 - (v) exercise all of its rights, remedies, powers or discretions under this Agreement;
 - (vi) invoke the Guarantee;
 - (vii) take any other action or exercise any other right or remedy under Law or equity.
- (b) In addition to the rights specified above, the Lender shall also be entitled to appoint:
- (i) any person engaged in technical, management or any other consultancy business to inspect and examine the working of the Borrower and / or the assets including its premises, factories, plants and units and to report to the Lender; and
 - (ii) any chartered accountants / cost accountants as auditors for carrying out any specific assignments or to examine the financial or cost accounting system and procedures adopted by the Borrower for its working or as concurrent or internal auditors, or for conducting a special audit of the Borrower.
- (c) Notwithstanding any suspension or termination pursuant to the Facility Agreement, all the provisions of this Agreement for the benefit or protection of the Lender and its interests shall continue to be in full force and effect as provided in this Agreement.
- (d) **NOMINEE DIRECTOR**
- (i) On the happening of any of the Events of Default, if the Borrower is a company, the Lender shall have the right to appoint and remove from time to time, director(s) on the board of the Borrower (such directors are hereinafter referred to as the “**Nominee Director(s)**”).
 - (ii) The Nominee Director(s) shall:
 - (A) not be required to hold qualification shares nor be liable to retire by rotation;
 - (B) be entitled to all the rights and privileges of other directors including the sitting fees and expenses as payable to other directors but if any other fees, commission, monies or remuneration in any form is payable to the directors, the fees, commission, monies and remuneration in relation to such Nominee Director(s) shall be paid by the Borrower directly to the Lender; Any expenditure incurred by the Bank or the Nominee Director(s) in connection with his appointment of directorship shall be borne and payable by the Borrower;
 - (C) be appointed a member of committees of the board, if so desired by the Lender;
 - (D) be entitled to receive all notices, agenda and other related communications and to attend all general meetings and board meetings and meetings of any committees of the board of which he is a member.
 - (E) The Lender shall be entitled to remove/reappoint the nominee director.

12.5 Upon occurrence of an Event of Default, all arrangement for the purchase of raw materials/stock and inputs, shall be subject to prior approval of the Lender. If so required by the Lender, the Borrowers shall take steps

to suitably modify or terminate the existing selling/purchasing arrangements in such manner as may be required by the Lender. The Borrower shall not enter into any fresh agreement for the appointment of sole selling agents/sole purchasing agents without the prior approval of the Lender. Any such arrangement shall be subject to such terms and conditions as may be stipulated by the Lender. The Borrower shall not declare or pay any dividend to its shareholders during any financial year without the prior written approval of the Lender.

12.6 Expenses of preservation of assets of the Borrower and of collection

All reasonable costs incurred by the Lender after an Event of Default has occurred, in connection with:-

- (a) Preservation of the Borrower's assets (whether now or hereafter existing); or
- (b) Collection of amounts due under this Agreement may be charged to the Borrower and reimbursed by the Borrower, as the Lender shall specify.

12.7 The Lender may issue any certificate as regards payment of any amounts paid by the Borrower to Lender in terms of this Agreement only if the Borrower has paid all amounts due under this agreement to the Lender and the Borrower has complied with all the terms of this Agreement.

12.8 In the Event of Default, the Lender shall be entitled to communicate, in any manner it may deem fit, to or with any person or persons with a view to receiving assistance of such person or persons in recovering the defaulted amounts including but not limited to visiting any place of work of the Borrowers.

12.9 Appointment of any Receiver may be made at any time on or after the happening of the Event of Default.

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

- (f) to obtain all consents and permissions, approvals necessary or appropriate to carry out any of the matters referred to in this Deed or otherwise, as the Lender or the Receiver shall consider fit;
- (g) to redeem any prior encumbrance and settle and pass the accounts of the encumbrances so that any accounts so settled and passed shall (subject to any manifest error) be conclusive and binding on the Borrower and the money so paid shall be deemed to be an expense properly incurred by the Receiver;
- (h) to appoint and discharge employees, officers, agents, professionals and others for the purposes hereof upon such terms as to remuneration or otherwise as the Receiver may consider fit and to discharge any persons appointed by the Borrower;
- (i) to settle, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person or body who is or claims to be a creditor of the Borrower or relating in any way to the properties or any part thereof;
- (j) to bring, prosecute, enforce, defend and discontinue all such actions and proceedings in relation to the assets or any part thereof as the Receiver shall consider fit;
- (k) to proceed against the debtor(s) of the Borrower in the event of default by them under the terms of documentation with the Borrower and shall be entitled to the rights and benefits that the Borrower against the said debtor(s);
- (l) to do all such other acts and things (including, without limitation, signing and executing all documents and deeds) as may be considered by the Lender or Receiver to be incidental or conducive to any of the matters or powers aforesaid or otherwise incidental or conducive to the preservation, improvement or realization of the said assets; and
- (m) to exercise all such other power and authority as the Lender shall consider fit to confer, and which the Lender may in relation to such part of the assets as is the subject of a first and exclusive charge or standard security, confer any powers and authorities which it could give if it were an absolute beneficial owner thereof.

Unless otherwise directed by the Lender, such Receiver may exercise all the rights, powers, authorities and discretion herein or by law vested in the Lender.

13 INDEMNITY

- (a) The Borrower shall, without prejudice to any other rights of the Lender, indemnify and agrees to keep fully indemnified and hold harmless the Lender and its officers/employees against, and pay and reimburse to the Lender, any actions, suits, claims, proceedings losses, damages, costs, charges or expense or outgoings which the Lender shall certify as sustained or suffered or incurred by the Lender as a consequence of breach of any of the terms, condition, statements, undertakings, representations and warranties of this Agreement as also of any of its representations, warranties, undertaking and/or covenant not being found to be true at any point of time, occurrence of an Event of Default, or laches or acts of omission and commission on the part of the Borrower, or for the enforcement of any Security or otherwise on account of the Facility. For this purpose the Lender shall be entitled to debit the account(s) of the Borrower maintained with the Lender, and until satisfaction of all such amount(s) due, treat such amount(s) as an advance secured under this Agreement.
- (b) The Borrower shall ensure that this Agreement and other security document pursuant to this Agreement, are properly stamped and registered (if required under the Applicable Laws) and if the rights of the Lender under the Agreement and/or aforesaid Security Documents are prejudicially affected on account

of this Agreement and/or aforesaid Security Documents between the Borrower and the Lender not being properly stamped and/or not being registered, the Borrower shall indemnify and agrees to keep fully indemnified and hold harmless the Lender and its officers/employees against, and pay and reimburse to the Lender, any actions, suits, claims, proceedings losses, damages, costs, charges or expense or outgoings which the Lender shall certify as sustained or suffered or incurred by the Lender as a consequence of non-registration and improper stamping of this Agreement/aforesaid Security Documents between the Borrower and the Lender.

14 SEVERABILITY

If one or more rights or provisions set forth in this Agreement are invalid or unenforceable, it is agreed that the remainder of this Agreement shall be enforceable and to the extent permitted by Law, the Parties' intentions, as reflected in any such right or provision that is invalid or unenforceable, shall be given effect to.

15 CONSTITUTED ATTORNEY

The Borrower hereby agrees and appoints the Lender and its officers, employees and agents and Authorised Representatives, receiver to be its duly constituted attorneys for all or any of the following purposes, upon the occurrence of an Event of Default, namely:

- (a) To sign all papers, documents, agreements, indentures and writings that the Borrower would be bound to do under or in pursuance of these presents and /or the Facility and /or the Security for and behalf of the Borrower and to attend before the Sub-Registrar of Assurances or any other relevant authority and admit execution thereof;
- (b) Generally to do perform and execute or cause to be done performed or executed all acts deeds for protection, preservation, enforcement and realisation of the security, matters things and documents in all matters arising under or out of or concerning or touching these presents as the Borrower could itself do perform or execute; and the Borrower shall bear the expenses that may be incurred by the Lender or any Receiver in that behalf.
- (c) To effect and perform the several matters and things including as aforesaid more effectually and in better manner, and to appoint from time to time or generally such other persons, bodies, companies, organizations, or agencies as the Lender may think fit as its substitute or substitutes to do execute and perform all or any such acts and things as aforesaid and such substitute or substitutes at pleasure to remove and to appoint other or others in his or their place;
- (d) The Borrower agrees that the above powers may be exercised without any prior notice to the Borrower and further agrees to ratify and confirm all that the Lender or any substitute or substitutes appointed by the Lender may lawfully do or cause to be done in exercise of the aforesaid powers;
- (e) The Borrower further agrees to give all assistance to the Lender and its officers and Authorised Representatives and other substitutes for the purpose of exercising any of the power hereinabove set out, including endorsing and execution of documents and doing all such things as may be necessary to enable the Lender and its officers and other substitutes to exercise all the power hereby conferred;
- (f) The Borrower further agrees that the aforesaid powers have been granted for valuable consideration and as such shall be irrevocable in nature till such time as any amounts remain due owing or payable under or in respect of or in pursuance of the Facility and/or these presents.

16 SET-OFF

Without prejudice to any rights of the Lender, the Lender shall have a paramount lien and right of set-off against all monies of the Borrower (whether held singly or jointly with any other person), which are deposited with/under the control of the Lender (or any of its group companies) whether by way of security or otherwise pursuant to any contract/agreement entered /to be entered into by the Borrower in any capacity, and the Lender shall be entitled and authorized to exercise such right of lien & set off against all such amount and assets for settlement

of the Borrower's dues with or without any further notice to the Borrower. In this regard, any discharge given by the Lender to its promoters/affiliates/subsidiaries/assigns/group companies shall be valid and binding on the Borrower. The joint account holder/s to such monies, securities, deposits and other assets is/are aware of and have no objection to (a) the Facility applied for, (b) the Facility terms, (c) using such monies from the joint accounts for paying/ repaying the Facility and all other amounts due to the Lender or its promoters/ affiliates/ subsidiaries, assigns or any group company and (d) the Lender's right of set off in the Event of Default of the Facility terms. It shall be the Borrower's sole responsibility and liability to settle all dispute/ objections with such joint account holders, if so required, and the Lender shall be well within its rights to exercise the right of set off against any money lying in any deposit/ other assets held singly or jointly, for settlement of dues.

17 DISCLOSURE OF INFORMATION

- 17.1 The Borrower and the Guarantor hereby agree and consent, as a precondition relating to the grant of Facility given to the Borrower by the Lender, that in case the Borrower commits any default in the payment of any of the Outstanding Amounts to the Lender, the Lender and/or RBI shall have unqualified right to disclose and furnish to TransUnion CIBIL Limited and other agency so authorised by RBI, Borrower's and/or Guarantor'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 and/or Guarantor understands that as a precondition relating to grant of the Facility to the Borrower, the Lender requires the Borrower's and/or Guarantor's consent for the disclosure by the Lender of information and data relating to the Borrower and/or Guarantor, of the Facility availed of /to be availed by the Borrower, obligations assured/ to be assured by the Borrower and/or Guarantor in relation thereto and default, if any, committed by the Borrower and/or Guarantor in discharge thereof. Accordingly, the Borrower and/or Guarantor hereby agree and give consent:
- (a) for the disclosure by the Lender of all or any such information and data relating to the Borrower and/or Guarantor including name and the names of its directors;
 - (b) for the disclosure by the Lender of all or any such information or data relating to any loan availed of /to be availed by the Borrower;
 - (c) for the disclosure by the Lender of all/any default, committed by the Borrower in discharge of obligations of the Borrower and/or Guarantor under this Agreement as the Lender may deem appropriate and necessary to disclose and furnish to TransUnion CIBIL Limited and any other agency authorized in this behalf by RBI;
 - (d) to publish the name of the Borrower and Guarantor and/or the names of its/their 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.
- 17.2 The Borrower hereby declares that the information and data furnished by the Borrower to the Lender are true and correct.
- 17.3 The Borrower and/or Guarantor hereby declare that the TransUnion CIBIL Limited 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.
- 17.4 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 Agreement such information about the Borrower and/or Guarantor as the Lender may deem appropriate.
- 17.5 The Borrower confirms that the Lender may for the purposes of credit reference checks, verification, etc. disclose any information/documents relating to the Borrower and/or Guarantor (pertaining to the Facility availed by the Borrower) to any third party appointed by it. The Borrower and/or Guarantor further authorize the Lender to disclose said information /documents to RBI, income tax authorities, credit bureau, third

parties, credit rating agencies, databanks, corporates, banks, financial institutions or any other government or regulatory authorities, statutory authorities, quasi-judicial authorities.

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

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

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

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

18 THE LENDER'S RECORDS TO BE ACCEPTED BY BORROWER

The records maintained by the Lender in its ordinary course of business shall be the final proof for the due amounts from the Borrower in respect of the Facility under this Agreement. A certificate in writing signed by an officer of the Lender or a system generated electronic certificate stating the amount due from the Borrower in respect of the Facility at any particular time shall be conclusive evidence against the Borrower in respect of payments due from the Borrower in respect of the Facility. The Prime Lending Rate (PLR), effective interest rates, fee, margins, commissions and other charges (all exclusive of interest, tax/service tax, if applicable) shall be changed at any time at the sole discretion of the Lender and without any notice to the Borrower.

19 MISCELLANEOUS

19.1 Notice

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

- (a) be in writing, delivered by hand, or by registered post, acknowledgement due;
- (b) be deemed to have been received when delivered by hand, at the time so delivered if during business hours on a Business Day for the recipient, and if given by registered post acknowledgement due, forty eight (48) hours after it has been put into post and be sent to the Borrower at its address first hereinabove

mentioned and to the Lender at its office address first hereinabove mentioned, or to such other address as either Party may in writing hereafter notify to the other Party.

19.2 Benefits

The terms and provision of this Agreement shall be binding upon, the Borrower's successors and permitted assigns.

19.3 Assignment

The Borrower expressly recognizes and accepts that the Lender shall be absolutely entitled to, and has full power and authority to sell, assign or otherwise transfer in any manner whatsoever, in whole or in part, and in such manner and on such terms as the Lender may decide (including if deemed appropriate by the Lender reserving a right to the Lender to retain its power to proceed against the Borrower on behalf of the purchaser, assignee or transferee) for any or all Outstanding Amounts of the Borrower, to any third party of the Lender's choice without any further reference or intimation or notice to the Borrower, and without seeking any consent of the Borrower. Any such action and any such sale, assignment, or transfer shall bind the Borrower to accept such third party as creditor exclusively or as a joint creditor with the Lender or any other person, as the case may be. Any costs incurred in this behalf, whether on account of such enforcement of rights or recovery of Outstanding Amounts shall be to the account of the Borrower. The Borrower shall not be entitled to assign this Agreement or any of the rights, duties or obligations of the Borrower hereunder, except with prior written consent of the Lender.

19.4 The Lender's Service Providers

It is agreed by the Borrower, that without prejudice to any rights of the Lender, all acts/steps as are necessary for the Lender to take in order to monitor/administer the Facility and/or its utilization and/or the obligation of the Borrower and /or the Borrower's compliance with the terms hereof and/or to recover amounts due to the Lender, shall and/or may be carried out by and/or through such other person/s (including a company or body corporate) as may from time to time be appointed by the Lender in respect thereof and that the Lender will at all times be entitled to share with any such other person that may thus be appointed by the Lender, all documents, statements of accounts and other information of whatsoever nature pertaining to the Borrower and/or the Facility. Further, the Borrower expressly recognizes and accepts that the Lender shall, without prejudice to its rights to perform such activities either itself or through its officers or servants, be absolutely entitled and have full power and authority to appoint one or more third parties of the Lender's choice and to transfer or delegate to such third parties the right and authority to collect on behalf of the Lender all unpaid amounts and to perform and execute all acts, deeds, matters and things connected therewith or incidental thereto including attending the office/s or residence/s of the Borrower, receiving the amount due, and generally performing all lawful acts as such third party may consider appropriate for the purposes.

The terms and conditions of this Agreement is adhered with the terms and conditions of the Recovery Policy as per the RBI circular wherein parties will be abide by provisions regarding

- (i) notice period before taking possession
- (ii) circumstances under which the notice period can be waived
- (iii) the procedure for taking possession of the security
- (iv) a provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property
- (v) the procedure for giving repossession to the borrower and (vi) the procedure for sale / auction of the property.

19.5 Miscellaneous

The Borrower hereby expressly agrees that nothing herein contained shall operate to prejudice the rights and remedies of the Lender in respect of any other obligations of the Borrower to the Lender or prejudice or effect any general or particular lien to which the Lender is by Law or otherwise entitled to, or operate to prejudice the Lender's rights or remedies in respect of any present or future security, guarantee or obligation given to the Lender by any other person for any indebtedness or liability of the Borrower.

19.6 Cross-liability

The Borrower further agrees that in addition to and without prejudice to any other right or lien enjoyed by the Lender, the Lender will further be entitled at any point of time and without notice to the Borrower to

combine or consolidate all or any of the Borrower's accounts (including any fixed deposit) held with a bank approved by the Lender and all the credits and liabilities therein and set off or transfer any such standing to the credit of any one or more of such accounts in or towards satisfaction of any of the Borrower's liabilities to the Lender on any account whatsoever, whether such liabilities are actual or contingent, primary or collateral and whether joint or several.

19.7 Continuing Security

The Borrower agrees that this Agreement, and any Security hereby created or created subsequently, for and on account of the Facility, shall operate as a continuing security for all the obligations of the Borrower in respect of the Facility, notwithstanding any partial payments or fluctuation of accounts.

19.8 Waiver

No delay or omission to exercise any rights, power or remedy accruing to the Lender upon any breach or default of the Borrower under this Agreement shall impair any such right, power or remedy of the Lender nor shall it be construed to be a waiver of any such breach or default or an acquiescence thereof or of or in any similar breach or default thereafter occurring nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default therefore or thereafter occurring. Any waiver, permission, consent or approval on the part of the Lender in respect of any breach or default under this Agreement or any provisions or condition of this

Agreement must be in writing and shall be effective only to the extent in such writing specifically set forth.

19.9 Cumulative Remedy

All remedies, either under this Agreement or by Law or otherwise afforded to the Lender shall be cumulative and not alternate.

19.10 Amendment

Unless otherwise provided in this Agreement, no amendment, change, variation or addition of any term or provision hereof shall be effective unless made in writing and signed by both Parties hereto.

19.11 Partial Invalidity

If at any time any provisions of this Agreement is or becomes illegal, invalid or unenforceable in any respect, neither the legality, validity nor enforceability of the remaining provisions of this Agreement shall in any way be affected or impaired thereby, and the Parties hereto further agree that they shall mutually substitute for the part/s held to be illegal, invalid or unenforceable, lawful provisions so as to give effect to the original intent of this Agreement.

19.12 Overriding Effect

This Agreement and any other documents attached hereto or referred to herein, integrate all the terms and conditions mentioned herein or incidental hereto, and supersede all oral negotiations and prior writings in respect of the subject matter hereof. In the event of any conflict between the terms, conditions and provisions of this Agreement and any agreement or documents attached hereto or referred to herein, then in such event, the terms, conditions and provisions of this Agreement shall prevail.

19.13 Costs

The Borrower shall bear, pay and reimburse to the Lender all costs (including stamp duty, legal and valuation charges, registration charges), charges and expenses of the Lender in connection with the investigation of charges, preparation, drafting and finalization of this Agreement, and all other documents (including documents for creation of security) and all costs, charges or expenses which the Lender shall certify as sustained or incurred by it as a consequence of occurrence of an Event of Default including all costs, charges and expenses of the legal advisers of the Lender and any legal recourse adopted. The Borrower further agrees to bear the expenses of the Lender and/or Lender's representative related to travelling, lodging and boarding for the purpose of due diligence and the Lender shall provide the invoices for claiming the same. All such sums shall be reimbursed by the Borrower to the Lender within thirty (30) days from the date of notice of demand from the Lender and shall be

debited to the Facility account maintained with a bank approved by the Lender and shall carry interest at the same rate as payable on the Facility from the date of payment till reimbursement. The Borrower hereby agrees to indemnify and keep indemnified the Lender fully and completely against the liability in respect of all such costs, charges and expenses stipulated herein.

19.14 The definition of Security, Security Document, Required Security Margin and other clauses in this Agreement relating/pertaining to or making reference to Security, Security Document and Required Security Margin, strictly to the extent of such relation or reference, shall be applicable when the Borrower chooses the Dealer Advance Option as mentioned in the Disbursement Schedule annexed hereto.

19.15 Governing Law

This Agreement shall be subject to, governed by, and construed in accordance with, Indian Laws.

19.16 Jurisdiction

This Agreement and all documents executed under/in relation to this Agreement shall be governed by and construed in accordance with the laws of India. Subject to Clause 19.18 (*Arbitration*) below, the Parties hereto expressly agree that all disputes arising out of and/or relating to this Agreement including any collateral document shall be subject to the exclusive jurisdiction of a competent court in Jaipur, Rajasthan and that accordingly any suit, action or proceedings (referred to as “**Proceedings**”) arising out of or in connection with this Agreement may be brought in such courts or the tribunals and the Borrower irrevocably submits to and accepts the jurisdiction of those courts or tribunals.

19.17 Counterparts

This Agreement may be executed in two (2) counterparts one to be retained by each Party both of which taken together shall constitute one and the same agreement.

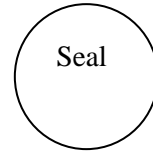
19.18 Arbitration

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

IN WITNESS WHEREOF the Borrower has been hereunto affixed its signatures and the Lender has caused these presents to be executed by its authorized signatory the day and year first hereinabove written.

Signed and Delivered by the withinnamed

Borrower _____



SIGNED AND DELIVERED by the within named)
AU Small Finance Bank Limited by the hand of its)
Authorised Signatory)
Mr. _____)

In the presence of:

1.

2.

SCHEDULE I

1. Disbursement Schedule:

Trade Advance Option

1. The Facility shall be available for withdrawal by the Borrower till the Availability Period and shall not be permitted beyond such Availability Period unless extended by the Lender at its sole discretion. Any withdrawal after the Availability Period would be on such terms and conditions as may be acceptable to the Lender. Any amount not withdrawn by the Borrower by the end of the said Availability Period and/or extended time, if any, may be cancelled at the sole discretion of the Lender.
2. All payments to be made by the Borrower to the Lender under or in terms of this Agreement shall be made by RTGS/NEFT transfer and post-dated cheques duly crossed and marked "A/c Payee Only" and the collection charges, if any, in respect of all such cheques shall be borne by the Borrower.
3. The Lender shall disburse the Facility directly to the _____ (Name of the Manufacturer) for and on behalf of the Borrower and every disbursement to the Manufacturer shall be deemed to be a disbursement made to the Borrower under this Agreement. The Borrower hereby agrees and acknowledges that the receipt issued by the Manufacturer shall be deemed to be issued by the Borrower and shall be an effectual receipt and discharge by the Borrower in favour of the Lender.

OR

Dealer Advance Option

1. The Facility shall be available for withdrawal by the Borrower till the Availability Period and shall not be permitted beyond such Availability Period unless extended by the Lender at its sole discretion. Any withdrawal after the Availability Period would be on such terms and conditions as may be acceptable to the Lender. Any amount not withdrawn by the Borrower by the end of the said Availability Period and/or extended time, if any, may be cancelled at the sole discretion of the Lender.
2. All payments to be made by the Borrower to the Lender under or in terms of this Agreement shall be made by RTGS/NEFT transfer and post-dated cheques duly crossed and marked "A/c Payee Only" and the collection charges, if any, in respect of all such cheques shall be borne by the Borrower.
3. At the time of disbursement, the Borrower should arrange to get the Security fully insured and submit a certificate at half yearly intervals regarding adequacy/validity/currency of all the insurance policies.
4. The Lender shall disburse the Facility in favour of the Borrower only.

2.Details of Borrower:

_____ a company incorporated under the provisions of the Companies Act, 1956/2013 with corporate identity number _____ and having its registered office at _____ OR

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

OR

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

OR

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

OR

_____, a hindu undivided family through its Karta Mr./Ms. _____

OR

Mr./ Ms. _____, age _____ yrs., son / wife / daughter of _____, residing at _____ / in their / its capacity as trustees for _____ trust, registered under the _____ Trust Act, _____ and having its principal office of business at _____.

3. Details of the Co- Borrower:

Mr./Ms. _____, son/daughter ofresiding at _.....

3. Details of the Guarantor:

Mr./Ms. _____, son/daughter ofresiding at _.....

4. Authorised Signatory of the Borrower:

Mr./Ms. _____, son/daughter ofresiding at _.....

5. Term/Tenure of the Loan:

..... (days/month)

6. Amount of Facility:

Rs. _____/- (Rupees _____ Only)

7. No. of PDC/UDC

Post dated cheques

Un dated Cheques

Cheque

Amount:

Rs. _____/-

(Rupees _____)

8. Availability Period:

..... (days/month)

9. Required Security Margin

10. Details of Security:

SCHEDULE II

INTEREST RATE & INTEREST FREE PERIOD

1. Interest Rate:

(A) Interest chargeable (In case of Floating Rate Loans) :

(a) (...% (MCLR +.....)

(B) Interest chargeable (In case of Fixed Rate Loans) :

(b) ...%

2. Interest Free Period:

3. Overdue Interest Rate :

4. Penal Interest:

SCHEDULE III

REFERRAL FEE

1. Referral Fee

The referral fee shall be ___%, paid on monthly basis, of the total amount of loans sanctioned and disbursed by the Lender to the purchasers of the Vehicles on the loan applications that were routed through the Lender by the Borrower in the relevant month.

2. Conditions

The Borrower has submitted the complete the post disbursement document with respect to the vehicle which includes registration certificate along with support in endorsement of hypothecation & on insurance policy in favour of the Lender with the concerned regional transport office, insurance policy of the vehicle in favour of the purchaser and invoice of the vehicle (“PDD(s)”).

Annexure I: 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 provide by bank is Rs. 1 Lacs and Utilization of customer is more than Rs. 1 Lacs (say Rs. 1,10,000)

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

Example No. - 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 explain as below mention 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 are received only is Rs. 2000. which is less than the interest charged

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

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

Date	Transaction Detail	Amount	Classification
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
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