

LOAN-CUM-HYPOTHECATION AGREEMENT

THIS AGREEMENT is executed at the place and date as specified in the Schedule, between the Borrower, whose name, addressee(s) and other details are more particularly described in the Schedule herewith enclosed (which expression shall unless repugnant to the context or meaning thereof shall include its successors and permitted assigns and all persons deriving/claiming title under the Borrower);

AND

ESAF Small Finance Bank Limited, a banking company licensed under Section 22(1) of the Banking Regulation Act, 1949, and incorporated under the provisions of the Companies Act, 2013, having its registered and corporate office at Building No. VII/83/8, ESAF Bhavan, Mannuthy, Thrissur-Palakkad National Highway, Thrissur- 680 651 (hereinafter referred to as the "Bank" which expression shall include its successor and permitted assigns).

WHEREAS

The Borrower approached the Bank to grant a Loan to them, for the purpose described in the Schedule and the Bank has agreed to grant a secured loan facility, up to the limits specified in the Schedule herewith enclosed as per the terms and conditions below mentioned.

IT IS AGREED BY AND BETWEEN THE BANK AND THE BORROWER AS FOLLOWS:

- i. 'Agreement' means this Loan-cum-Hypothecation agreement executed by the Borrower with the Bank and includes amendments thereto for grant of the loan read in conjunction with the sanction letter more particularly detailed in the Schedule;
- ii. 'Borrower' means the person whose name appears in the schedule as the borrower and executing this Agreement as Borrower;
- iii. 'Branch' means the office of the Bank where the Loan is disbursed;
- iv. 'Loan' means the loans which is more particularly described in the Schedule, granted by the Bank as per the terms and conditions of this Agreement and shall include all the dues payable by the Borrower to the Bank under this Agreement.
- v. 'Interest Rate' means the rate at which the Bank shall compute and apply interest on the Loan as stated in the Schedule or as may be amended from time to time by the Bank.
- vi. 'Parties' mean the Bank and Borrower referred to as collectively;
- vii. 'Asset/ Hypothecated Property' means such asset/property hypothecated to the Bank, more particularly defined in 'Annexure- Details of Hypothecated Property', for the purpose of which the Loan has been granted by the Bank. In case of asset to be purchased, the broad description of the asset is mentioned in the Schedule and the detailed description of the asset would be included in the Annexure as and when purchased.
- viii. "Schedule" means the schedule of this Agreement, which is the signed and accepted Sanction Letter. The Sanction Letter forms a part and parcel of this Agreement.
- ix. "Loan Balance" means outstanding principal amount of the loan, interest payments, other dues and or liquidated damages to the Bank.

IN CONSIDERATION OF THE BANK GRANTING THE LOAN FACILITY AS ABOVE, THE BORROWER HEREBY AGREES, AND CONFIRMS WITH THE BANK AS FOLLOWS:

- i. The Bank has granted the Borrower the said Loan Facility in aggregate amount and at the rate of interest specified in the Schedule, on the terms and conditions set forth herein. The Bank at its sole discretion shall be entitled to modify, vary or amend the rate of interest from time to time including on account of the changes in the applicable lending rate of the Bank

The contents of this documents have been explained to me in the language known to me and I have understood the same.

Signature of the borrower

or the changes made by the Reserve Bank of India in the rate of interest or its policies. In the event the rate of Interest is modified as stated above, then the interest would be payable by the Borrower at the revised rate of interest;

- ii. The Loan amount, interest rate applicable, instalment amount to be repaid, tenure, periodicity for Repayment and related matters in connection with the Loan is mentioned in the Schedule herewith enclosed;

Fees, Charges, Costs and Claims

- iii. The Borrower shall bear services charges, processing fee, stamp duty or any other fees, including GST, if any.
- iv. The Bank shall also be entitled to recover from the Borrower any other charges or costs incurred or claims suffered by the Bank in connection with the Loan Facility.

Disbursement

- v. The Bank shall disburse the Loan amount in a single or multiple tranche/es into the OD/CC bank account of the Borrower, maintained with the Bank.

Repayment

- vi. The tenure, instalment amount, periodicity of repayment, number of instalments, mode and date of commencement of repayment and such other details in relation to repayment of the Loan is as given in the Schedule to this Agreement.

Recall of the Loan by the Bank

- vii. The Borrower agrees that the Bank shall be entitled to, at any time, in its discretion, recall the Loan by giving to the Borrower 30 days' notice in writing. It is specified that the repayment mentioned in the Schedule set out herein is without prejudice to the Bank's right to recall the entire Loan and to demand payment of the Loan Balance.
- viii. After execution of the Agreement for availing the Loan, if the Borrower denies (either directly or indirectly) for the disbursement of the Loan under any reason whatsoever which results into cancellation of the Loan or the Borrower not complying with the requirement of the Bank for the purpose of disbursement of the Loan which results into cancellation of the Loan by the Bank, then the Borrower shall pay to the Bank the processing fees and other charges as mentioned in the Schedule.
- ix. The Borrower confirms having understood and agreed to the Bank regarding the method of calculating instalments and also its division into principal and interest.

Security

- x. The repayment by the Borrower to the Bank of the Instalments and other dues and the additional interest under this Agreement shall be protected by a charge by way of hypothecation in favour of Bank's of all the Borrower's movable Assets created (as detailed in the Annexure - Details of Hypothecated Property) from the proceeds of the loan facility given by the Bank. The Bank can exercise the right against the Borrower if the Borrower violates any terms and conditions of this Agreement.

PROVIDED THAT if the Hypothecated Property is not purchased or is yet to be purchased or has not been delivered and/or registered with the appropriate authority, wherever applicable, at the time of signing of this Agreement, then the particulars of the asset shall be intimated to the Bank in writing, with all particulars of the assets including the registration details of the assets as may be applicable to be entered into the Annexure on Details of Hypothecated Property.

Borrowers Representations, Warranties, Covenants and Undertakings

- xi. The Borrower shall, whenever required by the Bank, give full particulars of the Hypothecated Property to the Bank including but not limited to its value and place/places where they are stored/kept. The Borrower shall furnish and verify all statements, reports, returns, certificates -and information from time to time as may be required by the Bank and shall make, furnish and execute all further and other documents, as may be required by the Bank, to give full effect to the security herein created.
- xii. The Borrower shall, at his expense, keep the said Hypothecated Property in marketable and good condition and insure the same for its entire market value or invoice value, whichever is higher, in the joint names of the Borrower and the Lender against any loss or damage by theft, fire, lightning, earthquake, explosion, riot, strike, civil commotion, storm, tempest, risk due to terrorist activity, war risk and such other risks as the Lender shall from time to time require, with an insurance company or companies. The Borrower shall deliver to the Bank or its nominee the relevant policies of insurance duly assigned to the Bank and maintain such insurance throughout the continuance of the security herein created and deliver to the Bank or its nominee renewal receipts therefor and shall duly and punctually pay all premia and shall not do or suffer to be done or omit to do or be done any act which may invalidate, make void or in any way adversely affect such insurance. In the event of the Borrower defaulting in or failing to making payment of the premium or any other costs, charges and expenses to ensure that the said Hypothecated Property are kept in marketable and good order and condition, the Bank shall have the right to pay the same and any such monies paid by the Bank together with interest thereon at the rate

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stipulated to the Loan shall be debited to the Borrower's account maintained with the Bank and shall be a charge on the said Hypothecated Property till full repayment. The Borrower further expressly agrees that the Bank shall be entitled to adjust, settle, compromise or refer to arbitration any dispute arising under or in connection with any insurance and such adjustment, settlement, compromise and any award made on such arbitration shall be valid and binding on the Borrower and also to receive all monies payable under any such insurance or under any claim made thereunder and to give a valid receipt therefor, and that the amount so received shall be credited to the Borrower's account and the Borrower shall not raise question that a larger sum might or ought to have been received or be entitled to dispute its liability for the balance remaining due on any account or accounts after such credit. Provided that the Bank may at its sole, absolute and unqualified discretion waive all or any of these requirements. The Borrower also agrees to execute a letter addressed to the insurance company to pay the proceeds directly to the Bank in the event of arising of any claim in respect of the asset and deliver the letter to the Bank.

- xiii. Notwithstanding any suit or other proceedings, the Borrower undertakes not to challenge any such action of the Bank in any proceeding whatsoever and to give immediate possession to the nominees of the Bank, on demand, the said Hypothecated Property and to transfer and deliver to the Bank all relative bills, contracts, securities and documents and the Borrower hereby agrees to accept the Bank's account of sale and realisations as sufficient proof of the amounts realised and relative expenses and to pay on demand by the Bank any short fall or deficiency thereby shown, provided however that the Bank shall not be in any way liable or responsible for any loss, damage or depreciation that the said Hypothecated Property may suffer or sustain on any account whatsoever whilst the same are in the possession of the Bank or by reason of exercise or non-exercise of rights and remedies available to the Bank as aforesaid and that all such loss, damage or depreciation shall be wholly debited to the account of the Borrower howsoever the same may have been caused.
- xiv. The Borrower hereby declares that the said Hypothecated Property is, and will, at all times, be the absolute property of the Borrower and subject to existing security, be free from any prior security including any charge, trust, pledge, lien, claim or encumbrance and as to future goods the same shall likewise be the unencumbered, absolute and disposable property of the Borrower with full power of disposition over the same.
- xv. The Borrower also agrees to execute such further or other documents as may be required by the Bank to allow/permit the Bank to exercise any or all the rights herein granted to the Bank.

Bank's Rights

- xvi. The Bank shall be entitled, at its discretion, to engage/ avail of, at the risk and cost of the Borrower, services of any person/ business correspondent(s)/ third party service provider/agent/agency, for anything required to be done for/ in relation to/ pursuant to the loan facility, including collections, recovery of dues, enforcement of security, getting or verifying any information of the Borrower/ Asset, and any necessary or incidental lawful acts/ deeds/ matters and things connected thereto, as the Bank may deem fit. The Bank shall be responsible for the acts of omission and commission of business correspondent if any engaged by the Bank.
- xvii. The nominees of the Bank or its authorised official, agents, auditors or statutory auditor shall, without any notice and at the risk and expense of the Borrower, be entitled, at all times, to enter any place where the said Hypothecated Property may be, and inspect, value, superintend the disposal of and take particulars of all or any part of the said Hypothecated Property and check any statement, accounts reports and information.
- xviii. In the event of any breach or default by the Borrower in the performance of his obligations hereunder or the deeds executed or that may hereafter be executed by the Borrower in favour of the Bank, or in the event of the Borrower failing to make payments as required or in the event of the charge or Security created in favour of the Bank having become unenforceable for any reason whatsoever, the Bank or its nominee(s) shall, in case such breach or default is not remedied by the Borrower to the satisfaction of the Bank within a period of 3 (three) Business Days from the date of intimation by the Bank of such breach or default or such extended time as may be granted by the Bank in writing, without any notice and without assigning any reason and at the risk and expense of the Borrower and if necessary, Bank shall be entitled to take charge and/or possession of, seize, recover, receive and remove the said Hypothecated Property and/or sell by public auction or by private contract, despatch or consign for realisation or otherwise dispose of or deal with all or any part of the said Hypothecated Property and to enforce, realise, settle, compromise and deal with any rights or claims relating thereto, without being bound to exercise any of these powers or be liable for any losses in the exercise or non-exercise thereof and without prejudice to the Bank's rights and remedies of suit or otherwise.
- xix. All the said Hypothecated Property and all the sale realisations and insurance proceeds thereof and all documents in relation to the security herein created shall always be kept distinguishable and held as exclusive property of the Bank specifically appropriated to the security herein created and be dealt with only under the directions of the Bank. The Borrower shall neither hypothecate, create any charge, or lien or other encumbrance or security upon or over the said Hypothecated Property or any part thereof except in favour of the Bank nor suffer any such charge, hypothecate or lien or other encumbrance or security or any attachment or distress to adversely affect the said Hypothecated Property or any part thereof. The Borrower shall neither do nor allow to be done anything that may prejudice the security herein created and the Bank shall be at liberty to incur all costs and expenses as may be necessary to preserve the security herein created and to maintain the same undiminished at the risk, cost and expense of the Borrower. PROVIDED that except to the extent

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specifically permitted by the Lender, the Borrower shall not sell all or any of the said Hypothecated Property. Further, the Borrower shall on any and every such sale, pay to the Lender, if so required by it, the net proceeds of the sale or disposal in satisfaction, so far as the same shall extend, of the monies due and payable by the Borrower to the Lender Bank. PROVIDED FURTHER that the Borrower may without payment to the Lender, if the Lender so agrees in writing, replace outmoded equipment by equipment of equivalent or greater values and such replacement equipment shall constitute part of the security herein created, and by executing a new agreement to update the Annexure of Details of Hypothecated Property, on part of the Lender or the Borrower.

- xx. The security herein created is a continuing security for the performance of all the obligations of the Borrower under the Agreement, including payment of expenses, commitment fees, interest and repayment of the Facility and creation of Security of all its assets as stated hereinabove.
- xxi. Nothing herein shall prejudice the rights or remedies of the Bank in respect of any present or future Security, guarantee, obligation or decree for any indebtedness or liability of the Borrower to the Bank.

Indemnity

- xxii. The Borrower shall indemnify the Bank and keep indemnified the Bank save and harmless on demand in respect of any actions, claims, costs, damages, expenses, losses and liabilities made against, suffered or incurred by the Bank arising directly or indirectly from or in connection with:
 - a) Any failure by the Borrower to comply with the provisions of this Agreement and/or,
 - b) Any failure including third party liability that may arise out of the possession, operation or use of the Hypothecated Property and incidental to that purpose and/or,
 - c) Any claims, losses, demands, actions, costs, expenses and liabilities incurred or suffered by the Bank by reason of the Hypothecated Property not being free from encumbrance.
- xxiii. The Borrower shall keep the Bank informed of all development regarding such actions, claims, costs, damages, demands, expenses, losses and liabilities and shall not dispute, compromise or otherwise deal with the same, subject to the consent given by the Bank.

Events of Default

- xxiv. The Bank may by a written notice to the Borrower, declare all sums outstanding under the Loan to become due and payable forthwith irrespective of any agreed maturity and enforce the security created in favour of the Bank for the Loan upon the occurrence of any of the following:
 - a) The Borrower defaults in making the repayments after it became due and payable;
 - b) The Borrower fails to purchase the asset for which the Loan has been issued by the Bank;
 - c) The Borrower violates any of the clause of this Agreement;
 - d) If any representation, warranty or statement on the part of the Borrower or any Credit information is or is found to be incorrect or misleading (whether by reason of omission to state a material fact or otherwise)
 - e) If the Borrower has voluntarily or compulsorily become the subject of any proceedings under any bankruptcy or insolvency law.
 - f) The death, lunacy or other disability of the Borrower;
 - g) If there is reasonable apprehension that the Borrower is unable to pay his debts or has admitted its inability to pay his debts, as they become payable;
 - h) If the Borrower suffers any adverse material change in his financial position;
 - i) If the Borrower is convicted under any criminal law in force;
 - j) If any Asset or any Security is seized or made subject to any distress, execution, attachment, injunction or order or proceeding or is detained or taken into custody for any reason;
 - k) If the Bank's right to any Asset or security or the value of any asset or security is prejudiced;
 - l) If any Asset or security is destroyed beyond repair any diminution in value for any reason whatsoever;
 - m) If at any time the Asset or security is used for any illegal or unlawful purpose;
 - n) Default under any other agreement, arrangement or facility with the Bank is made by the Borrower.
 - o) If any litigation or arbitration, conciliation, Legal, quasi-legal, revenue or other proceedings are initiated against or orders or decrees are passed against or notices are received by the Borrower; or
 - p) There exists any other circumstance, which in the sole opinion of the Bank, is prejudicial to the interests of the Bank;

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Signature of the borrower

Remedies

- xxv. The Borrower hereby authorizes the Bank to enforce the Agreement through Arbitration without (unless so required by law) the intervention of the Court, as and when the Bank may, in its absolute discretion, deem fit and to apply the net proceeds of such sale in satisfaction so far as the same will extend towards liquidation of the Loan Balance.

Revival of the Agreement

- xxvi. The Borrower may request the Bank by a supplementary letter to revive this Agreement and such request may be entertained by the Bank at its discretion and upon such terms and conditions as it may think fit and proper in the circumstances and only after collecting the instalment in full, including default interest, travel, legal and other costs, repossession expenses and the like. Any decision taken by the Bank not to revive this Agreement shall be final and binding on the Borrower and shall not be challenged in any Court of Law.

Arbitration

- xxvii. In the event of disputes, controversies, differences, claims and questions between the Parties hereto arising out of this Agreement or in any way relating hereto or any term, condition or provision herein mentioned or the construction or interpretation thereof or otherwise in relation hereto shall be referred to arbitration by a sole arbitrator to be appointed by the Bank.
- xxviii. The award of the arbitrator shall be final and conclusive and binding upon the Parties, and the Parties shall be entitled (but not obliged) to enter into judgment thereon in anyone or more of the highest courts having jurisdiction.
- xxix. The Borrower shall bear the expenses / costs incurred for the arbitration proceedings. The arbitration shall be held in accordance with the Arbitration and Conciliation Act, 1996 (amended from time to time) and shall be held in Thrissur and the language of the arbitration proceedings shall be English.

Jurisdiction

- xxx. Any suit, revision, reference or other filing permitted or required to be made pursuant to the Arbitration and Conciliation Act, 1996 in respect of matters arising out of this Agreement shall be instituted only in competent courts at Thrissur and parties specifically agree to exclude the jurisdiction of any other courts in India.

Law

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

Severability

- xxxii. If any provision of this Agreement is held to be invalid, illegal or unenforceable under present or future laws, such provision shall be struck from the Agreement. However, such invalidity or enforceability shall not affect the remaining provisions or conditions of this Agreement. The parties shall remain legally bound by the remaining terms of this Agreement and shall strive to reform the Agreement in a manner consistent with the original intent of the parties.

Amendment

- xxxiii. No amendment, change, variation, addition of any term or provision hereof shall be effective unless made in writing and signed by both parties hereto.

Assignment

- xxxiv. The Borrower shall not be entitled to transfer or assign any of its rights or obligations under this Agreement to any person directly or indirectly without the prior written consent of the Bank.
- xxxv. The Bank shall be entitled to grant/transfer/assign any or all of its rights, benefits, obligations, duties and liabilities under this Agreement.

Securitisation

- xxxvi. The Bank reserves the right to assign/sell/securitize the Loan with or without security. If any, in any manner by transferring and/or assigning or otherwise all its right, title and interest which the Bank deems appropriate and the Borrower hereby expressly agrees that in that event, Bank is not required to obtain any permission or put the Borrower to any notice.
- xxxvii. The Borrower shall be bound to accept any such securitization and any such sale, assignment or transfer and the Borrower shall accept such other party(s) as creditors exclusively or as a joint creditor with in the Bank, or as creditor exclusively with the right of Bank to continue to exercise all powers hereunder on behalf of any such other party.
- xxxviii. Any cost in this behalf, whether on account of such sale, assignment or transfer or enforcement of rights and recovery of outstanding and dues shall be to the account of the Borrower. The Borrower undertakes to pay to third parties the difference between the Loan outstanding and the amount received by the Bank in the event of transfer of the portfolio to a third party.

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Signature of the borrower

Force Majure

- xxxix. Notwithstanding any this to the contrary herein contained, the Borrower hereby confirms the Bank shall not be liable or responsible for failure or delay in the performance of its obligations hereunder, if it is prevented from discharging its obligations hereunder due to any cause arising out of or related to any act of God or act of state, disruption of services due to technological failure beyond Bank's control, any system failures, cyber-crimes including but not limited to hacking, tampering with computer source documents, disruption caused in systems and/or software's by virus, network failures, war, riots, civil commotion, terrorism, strikes, lockouts or any order of any Governmental, semi-governmental or local authority or any similar cause.
- xl. The Borrower irrevocably agrees and consents to the Bank at any time and in any manner disclosing and/or making available to any agencies, bureaus (including credit bureaus specified by the Reserve Bank of India, which presently includes the Credit Information Bureau (India) Limited) or any one or more credit bureau agencies, affiliates or subsidiaries of the Bank associations and other persons whosoever any information (including personal and financial information) and documents of or relating to the Borrower in such cases where the Bank considers appropriate including where such disclosure is permitted or required by or under law, circular or guideline or where the Bank is of the view that the interests of the Bank require such disclosure of for furnishing such information and documents for preparation, publication and distribution of credit reports and credit opinion relating to the Borrower to other persons including banks and financial institutions. The provisions of this clause shall survive even after the term/termination of this Agreement and the repayment of all dues of the Borrower.
- xli. No delay in exercising or omission to exercise any right, power or remedy accruing to the Bank under this Agreement shall impair any such right, power or remedy or shall be construed to be a waiver thereof or any acquiescence in such default, nor shall the action or inaction of the Bank in respect of such default or any acquiescence by it in any default, affect or impair any right, power or remedy of the Bank in respect of any other default.
- xlii. The contents of this Agreement have been read out, explained and interpreted to the Borrower in the language as desired by the Borrower and the same is understood by the Borrower.

IN WITNESS WHEREOF the Parties hereto have set and subscribed their respective hands the day and year first herein above written.

Witness

Signature of the Borrower

1. _____

2. _____

For ESAF Small Finance Bank

Witness

Authorised Signatory

1. _____

2. _____

Annexure

Details of Hypothecated Property

Sl. No	Description of Asset	Value
1		
2		
3		
4		
5		
6		
7		
8		

Name of the Borrower: _____ Signature: _____

Date: _____

Place: _____

For ESAF Small Finance Bank

Authorised Signatory

SCHEDULE II-C

[TO BE RETAINED AND UTILISED ONLY IF CASH CREDIT FACILITY IS GRANTED]

CASH CREDIT FACILITY

1. At the Borrower's request, and together to the terms and conditions of the Master Facility Agreement together with the Schedules thereunder, including this Schedule, the Sanction Letter, the Individual Facility Sanction Letter and the Transaction Documents (including creating or providing security in the manner prescribed), the Bank may vide its Sanction Letter / Individual Facility Sanction Letter grant to the Borrower a Cash Credit facility (**CC Facility**) upto "Maximum Cash Credit Facility Limit" specified in the Sanction Letter / Individual Facility Sanction Letter. The Bank shall not be liable to lend to the Borrower under the Cash Credit Facility beyond Maximum Cash Credit Facility Limit. Upon the issue of the Sanction Letter / Individual Facility Sanction Letter granting the CC Facility all the terms of the Master Facility Agreement shall apply to the CC Facility unless such terms conflict with the terms stated hereinbelow.

VALUATION

The Bank shall value the stock-in-trade where the CC Facility is given towards the Stock-in-trade of the Borrower as under:

- a. Indigenous raw materials/ packing materials /component swill be valued at either as per the Bank policy or under current market rates , invoice rates, or Government controlled rates, if any , whichever be lowest.
- b. Imported raw materials will be valued on the basis of the landed cost (i.e. invoice value exclusive of custom duty) or market price, whichever be lower
- c. Semi-finished products will be valued on the basis of the cost incurred on their manufacture i.e. cost of raw materials plus labour charges
- d. Finished products manufactured by the borrowing unit will be valued at the cost price or market price, whichever be lower.
- e. The borrower should also maintain suitable records to evidence the basis of valuation of raw materials, plus components, stocks in-process and finished goods charged to the bank.

2. STOCK STATEMENT

Detailed Stock Statements monthly/quarterly/half yearly or yearly (or such other period as may be prescribed by the Bank) should be submitted to the Bank, as mentioned in the Sanction Letter or Individual Facility Sanction Letter, in respect of the stocks hypothecated

3. OWNERSHIP OF STOCKS AND RECEIVABLES:

Stocks offered for the hypothecation to the banks should be fully paid for .All raw materials, components and Semi-finished goods hypothecated to the bank should be capable of being used in the process of manufacture of the borrowers product ,while finished goods should be marketable. The Debt so offered by the Borrower towards the CC Facility shall be owned by the Borrower and has not passed overdue date by the days as mentioned in the Sanction Letter and/or Individual Sanction Letter as the case may be.

4. INSURANCE

The stocks hypothecated to the bank should be insured comprehensively against all risks including but not limited to fire for their full market value with Bank's name noted as loss payee at the borrowers' expense .The insurance policies and cover notes ,premium receipts ,etc. should be deposited with the Bank. It will be necessary for the Borrowers to make punctual payment of all premia and to ensure that no acts /omissions occur in this regard which may invalidate such insurance during the currency of the advance .

5. RESTRICTION ON END USE

It is a condition of the arrangement that the Bank finance will not be utilized for any purpose other than for the purpose as mentioned in the the Sanction Letter, the Individual Facility Sanction Letter and the Transaction Documents.

6. REGULAR TURNOVER

There should be regular turnover in the stocks hypothecated to the Bank and the Stocks should not be allowed to remain in the Borrower's possession for unduly long periods. In case of there is no regular turnover in the Stocks, the Bank reserves the right to stop further operations on the account and / or to refuse to accept further hypothecation of Stocks until all old Stocks are taken delivery of. Stock more than the period as described in the the Sanction Letter, the Individual Facility Sanction Letter (as the case may be) will be termed as old stock and will not be included in the drawing power limit.

7. EXCLUSION OF OLD STOCK AND OR STOCK NOT TAKEN DELIVERY OF.

If the Stocks hypothecated are not taken delivery of when called upon to do so, or when old Stocks are removed and subsequently re-hypothecated , the same would be excluded while computing drawing power on the account and the shortfall so created will be require to be made good immediately by the borrowers

8. VERIFICATION/INSPECTION

In respect of the verification /inspection of security hypothecated ,the Bank-godown –keepers-charges and the Bank's inspection and other incidental expenses will be recovered from borrowers

9. RECORD KEEPING

Borrowers should maintain a record of the Stocks hypothecated to the Bank .The Stock Statements to be furnished to the Bank should have been written up from these registers and capable of being verified from them.

10. **INCIDENTAL EXPENSES**In the event of the Bank considering it necessary to protect its security be. The salary paid and incidental charges incurred by the Bank on this account will be debited to the borrowers' account.

11. PENAL INTEREST:

Interest unpaid on due date will attract default interest at 2% p.m. over and above the interest rate, compounded monthly. However, where sanction letter or individual saction letter prescribes rates higher then the rate mentioned in this clause then such rate mentioned in sanction letter or Individual Sanction Letter shall be applicable and payable by the Borrower.

12. DRAWING POWER

Where CC facility is offered by the Bank towards drawing power then Drawings shall be restricted to the extent of the Drawing power available to the Borrower as per the provisions of the Sanction Letter or the Individual Sanction Letter (as the case may be). The Bank shall calculate the Drawing Power on the basis of a monthly statement to be submitted of book debts or stock or other assets as the case may be. The statement to be submitted within 15 days of the succeeding month. No Drawing Power will be calculated in respect of book debts over 60 days or such days as mentioned in the Sanction Letter or the Individual Sanction Letter (as the case may be).

13. MARGIN FOR CALCULATING DRAWING POWER

The percentage for margin for the purpose of calculating drawing power shall be the percentage as prescribed in the Sanction Letter and/or Individual Sanction Letter as the case may be.

X

Borrower

Lender

SCHEDULE II-A
[TO BE RETAINED AND UTILISED ONLY IF OVERDRAFT FACILITY IS GRANTED]

OVERDRAFT FACILITY

THE PARTIES AGREE AS UNDER:

1. At the Borrower's request, and together with the terms and conditions of the Master Facility Agreement together with the Schedules thereunder, including this Schedule, the Sanction Letter, the Individual Facility Sanction Letter and the Transaction Documents (including creating or providing security in the manner prescribed), the Bank may vide its Sanction Letter / Individual Facility Sanction Letter grant to the Borrower an overdraft facility ("the Facility") upto the Maximum Overdraft Limit specified in the Sanction Letter / Individual Facility Sanction Letter. The Bank shall not be liable to lend to the Borrower beyond the Maximum Overdraft Limit, honour any cheques, allow any cash withdrawals (other than withdrawal in respect of the Facility subject to the terms of the Transaction Documents) or meet any further requirements of the Borrower on account of growth in business or otherwise. Upon the issue of the Sanction Letter / Individual Facility Sanction Letter granting the Facility all the terms of the Master Facility Agreement shall apply to the Facility unless such terms conflict with the terms stated hereinbelow.
2. **DEFINITIONS**
In this Schedule, unless there is anything repugnant to the subject or context thereof, the expressions listed below shall have the following meanings viz.:
 - 2.1 "Account" shall mean the Overdraft Account / Current Account in the name of the Borrower upto the limit specified in the Sanction Letter / Individual Facility Sanction Letter.
 - 2.2 "Overdraft Amount" shall include all amounts disbursed by the Bank pursuant to the Facility granted hereunder.

GRANT OF FACILITY

3. Notwithstanding the Maximum Overdraft Limit, unless the Bank otherwise permits, the Borrower shall not be entitled to operate the Facility beyond the Drawing Power which may be determined by the Bank from time to time on the basis of the Bank's margin requirements and the value of the Security or otherwise. The Borrower is aware and agrees that the Bank may, from time to time, vary the Drawing Power without any intimation to the Borrower, and the Borrower agrees to at all times (and in particular before any cheque is presented for payment) to keep itself informed of the Drawing Power and the Bank's margin requirements as varied from time to time. The Borrower has understood and is aware of the Bank's methodology of computing the Drawing Power and compute the Borrower's Drawing Power before issuing any cheque or drawing any money under the Facility. The Borrower shall at all times confine the borrowings to the drawing power allotted within the limit of a particular facility, namely, the value of the security less the corresponding margin stipulated from time to time in respect of the said facility or the limit set by the Bank, whichever is lower, and in no case shall the Borrower exceed such limit. The Bank may however at the specific request of the Borrower and in its own discretion, allow drawings beyond such drawing power or limit for such time as may be considered necessary and shall at any time without notice call upon the Borrower to repay such excess drawings. All rights and obligations of the Bank and the Borrower respectively under the Master Facility Agreement and this Schedule, if any and under any sanction letter and/or security documents shall extend to cover such excess drawings notwithstanding the specific limit stipulated herein. The Bank shall not honour cheque(s) issued by the Borrower for the purpose other than agreed upon between the Borrower and the Bank and for amounts exceeding the limits sanctioned.

INTEREST

The Borrower shall pay interest on the daily debit balance in the the Account at the rate specified in the Sanction Letter / Individual Facility Sanction Letter or as may be advised by the Bank from time to time. The Bank may debit the Account with the interest amount. The interest amount shall be payable monthly or on the termination of the Facility, as the case may be.

X

Borrower

Lender