

LOAN AGREEMENT (SECURED)

THIS LOAN AGREEMENT is made at _____ on this ____ day of _____ ('Agreement') between

_____, incorporated under the provisions of the Companies Act, 1956, having its registered office at _____, hereinafter referred to as "**Borrower**" (which expression shall unless it be repugnant to the meaning or context thereof be deemed to mean and include its successors and assigns) of the **One Part**;

AND

Sumitomo Mitsui Banking Corporation, a banking corporation constituted under the laws of Japan having its head office at 1-1-2, Marunouchi, Chiyoda-ku, Tokyo 100 0005, Japan and a branch office in India at 13th Floor, Hindustan Times House, 18-20 Kasturba Gandhi Marg, Connaught Place, New Delhi 110 001, India hereinafter referred to as "Lender" (which expression shall unless it be repugnant to the meaning or context thereof be deemed to mean and include its successors and assigns) of the **Other Part**;

In consideration of the mutual obligations contained herein, Borrower and Lender agree as follows:

Section 1. Definitions

As used herein, the following capitalized terms shall have the meanings set forth below:

"**Agreement**" means this Loan Agreement, together with the exhibits/schedule hereto, as amended from time to time.

"**Business Day**" shall be construed as a reference to a day (other than Saturday, Sunday or a day notified as a Lender holiday by Reserve Bank of India under Negotiable Instruments Act from time to time) on which Lenders are generally open for business in New Delhi;

"**Credit Facilities/Loan**" means facilities provided by Lender to the Borrower pursuant to this Agreement.

"**Drawdown Notice**" means a notice by which the Borrower requests the Lender to transfer the amount of the Credit Facilities into the account standing in the name of the Borrower and/or requests the Lender to make single / multiple payments as per Borrower's request;

"**Drawdown Date**" means, with respect to any Loan, the day on which Lender remits to the designated account of Borrower the principal amount of such Loan.

"**Due Date**" is the date on which the principal amount and/or the interest and Said Dues are repayable by the Borrower to the Lender.

"**Facility Documents**" means the Sanction Letter, this Agreement, all documents that are executed/may be executed by the Borrower and/or the Security Provider for the Credit Facilities, the Securities or any one or more of them as the context may require.

"**Loan Maturity Date**" means with respect to any Loan, the date on which the principal amount falls due, as set by the parties in the Drawdown Notice/ sanction letter.

"**Revolving Basis**" means that the Borrower can borrow, repay and re-borrow/roll over for another term, and/or new loan of the similar amount or different amount within the limit specified in the Credit Facility is drawn subsequently.

"**Said Dues**" means all dues and indebtedness due and payable or any part thereof, interest, liquidated damages, costs, charges and expenses and all other moneys whatsoever due and payable by the Borrower to the Lender under this Agreement are collectively referred to as "Said Dues".

"**Sanction Letter**" means the letter dated _____ and addressed by the Lender to the Borrower and conveying the in principle sanction of the Lender of the Credit Facilities to the Borrower

"**Securities**" means all, any or each of the guarantees and all assets over which security, from time to time, is created or executed in favour of the Lender to secure the amounts outstanding under the Credit Facilities or any part thereof;

"**Security Provider**" shall include any guarantor, any party to the Securities (other than Lender), any surety or any indemnifier for the Credit Facilities;

“**Taxes**” means any tax levied by the government presently or in future, on any of the services, interest, commission, charges or otherwise payable by the Lender either on its own account or on behalf of the Borrower under this Agreement.

“**Term Basis**” means that with each Drawdown Notice received by the Lender from the Borrower, a new Loan will be established, with a tenor as specified in the Drawdown Notice.

“**Uncommitted Basis**” means that the continuance of the Credit Facilities provided by Lender to Borrower pursuant to this Agreement is at the Lender’s discretion.

Section 2. The Facility

2.1 Amount, Tenor and Purpose of the Facility

The Lender at the request of the Borrower, at its discretion agreed to grant to the Borrower vide Sanction Letter No____ dated____ the following Revolving “Credit Facilities” secured by way of first charge on Fixed Assets including Land and Building and Plant & Machinery and Borrower’s Current Assets (including stocks and book debts forming part of its current assets both present and future) particulars whereof are given in **Schedule I**.

Joint Combined Convertible Limit for Fund Based and Non Fund Based Credit Facilities (a),(b), (c), (d) & (e) of INR _____ - (Rupees _____ only) with the following sub-limits:

S No.	Credit Facility Type	Amount	Tenor	Purpose	Repayment
A.	Fund Based				
(a)	Short Term Loan (“STL”)				
(b)	Working Capital Demand Loan (“WCDL”)-				
(c)	Overdraft (“OD”)/ Cash Credit Facility (CC”)				
B	Non Fund Based				
(d)	Commercial Letter of credit (“LC”)				
(e)	Bank Guarantee (“BG”)-				

The Credit Facilities have been granted by the Lender to the Borrower on the condition that this Agreement and other documents executed by the Borrower shall remain valid even when the loan is either repaid and /or rolled over for another term and/or fresh loan of the similar amount or different amount within the limit specified above is drawn subsequently. That is to say that the facility agreement and other documents executed by the borrower shall remain valid and enforceable till the credit facility/ies and its subsequent drawdown or rolled over/renewal of the same is repaid with interest and charges etc.

The Borrower shall submit the Drawdown Notice at least **two business days** prior to the Drawdown Date. Credit Facilities shall be disbursed to the Borrower subject to the compliance by the Borrower with the terms and conditions provided in this Agreement. The Credit Facility being uncommitted, the Lender may, in its absolute discretion, without assigning any reason and without any notice to the Borrower, terminate the right of the Borrower to make the withdrawal of undrawn amount.

2.2 Interest Rates and Fees

A. Interest Rate Structure

- Amount, Tenor and Purpose of the Facility Interest, commission and other charges as appropriate, will be levied as in specified in Sanction Letter/ Drawdown Notice above and will be subject to variation as may be notified by Bank in writing to the Borrower, from time to time in accordance with usual practice of the Bank and Reserve Bank of India (RBI) guidelines.
- Interest and other charges on all Loans shall be calculated on the basis of a 365[three hundred sixty five] day in a year and for the actual number of days such loan has been outstanding.
- In default of regular payment of interest on the due dates compounded interest shall become payable on monies due. Notwithstanding anything to the contrary herein contained, the Lender shall be entitled to

increase the rate of interest, charges if any after giving prior notice to the Borrower, subject to such increase not being contrary to the directives, if any, issued by the Reserve Bank of India from time to time and no further consent or concurrence of the Borrower shall be required in respect thereof.

B. Interest Payment Dates

Interest on each Loan shall be payable on _____ on the last Business Day of each calendar month, but shall be no later than the Loan Maturity Date. For loan of maturity period of 30 days and below, interest shall be paid on the Loan Maturity Date .

C. Over Due Interest

Any principal amount of the Loans not paid on or before the Loan Maturity Date and, to the extent permitted by law, any accrued or unpaid interest thereon, shall bear compounded interest payable on demand for each day from the date payment thereof was due to the date of actual payment at penal rate of interest of 2% plus the applicable rate at time of each Drawdown Date.

2.3 Repayable on Demand

The Borrower agrees that the Said Dues shall be repayable on demand and that the Lender can, at any time, at its discretion, recall the Credit Facilities by giving to the Borrower three clear working days notice in writing.

2.4 Proceeds of the Loan

A. The principal amount of the Loan(s) shall be dispersed to the Borrower on the Funding Date to the bank account of the Borrower as noted in the Drawdown Notice or as specified by the Borrower to the Lender from time to time

B. The proceeds of the Loan(s) to the Borrower will be used by the Borrower for the purpose for which the loan has been granted.

2.5 Repayment of Loan

The Lender shall have a right to appropriate from the amounts so deposited /repaid by the Borrower towards repayment of the Credit Facilities, interest, and penal interest, if any, payable to the Lender. Unless otherwise agreed to by the Lender, any payments due and payable by the Borrower to the Lender shall be appropriated firstly, towards costs, charges, expenses etc, secondly towards interest, overdue interest etc. and lastly towards repayment of the amount of instalments of the Principal due and payable by the Borrower to the Lender in terms of the Credit Facilities;

Notwithstanding anything contained hereinabove, the Lender may, at its discretion, appropriate such payments towards the Said Dues, if any, payable by the Borrower in respect of any earlier facility(ies) availed of by the Borrower from the Lender.

2.6 Pre Payment of Loan

The Borrower may pre-pay the entire Credit Facilities by giving a minimum notice of 30 days expressing its intention to prepay the entire outstanding under the Credit Facilities. In such an event the Lender shall be entitled to charge prepayment charges at the rate of _____ of the outstanding amounts under the Credit Facilities.

Section 3. Conditions to Loans

The obligation of Lender to make the disbursement/allow withdrawals of the said Credit Facilities shall be subject to the performance by the Borrower of all its undertakings to be performed under this Agreement and satisfying, prior to the disbursement, further conditions as specified in the Sanction Letter hereto, and following other conditions:

- (a) No Event of Default as defined herein in this Agreement and no event which, with the lapse of time would become an Event of Default, shall have happened and/or be continuing.
- (b) No extraordinary circumstances shall have occurred which shall defeat the purpose for which the disbursement of the said Credit Facilities has been sanctioned by the Lender nor the ability of the Borrower to fulfill its obligation under this Agreement
- (c) The Borrower shall create and perfect the charge/security, as contemplated herein, to the satisfaction of the Lender.

Section 4. Representations and Warranties of the Borrower

The Borrower hereby declares, represents and warrants and shall be deemed to subsist from the date of this facility letter/Agreement until Credit Facilities and Said Dues are repaid in full:

- (a) The Borrower is duly organised under the provisions of the (Indian) Companies Act, 1956, and existing under the laws of India, and has the power and authority to carry on its business as it is now being carried on and to create security over its property and assets;;
- (b) All corporate and other action under law and practice, as may be applicable on the part of the Borrower, its directors or shareholders, as may be applicable and as may be necessary for the due authorisation, execution and delivery of this Agreement and the security documents, and performance of the obligations hereunder, and the documents to be executed in pursuance hereof, has/have been duly taken and adopted and is/are in full force and effect;
- (c) Borrower is aware that the Lender is granting the Credit Facilities on the basis of and on the faith of the representations made by the Borrower and believing the same to be true;
- (d) The Borrower has obtained all permissions, approvals, consents or sanctions, if any required, of the government or any government or statutory body, agency or authority to enable it to lawfully carry on its business and availing of the Credit Facilities, and will at all times till the Said Dues are fully repaid, keep all such permissions, approvals, consents or sanctions, valid and subsisting;
- (e) The officers of the Borrower executing this Agreement and the documents executed in the pursuance hereof, are duly and properly in office and fully authorized to execute the same and the present Agreement shall not be affected by reason of any absence of or deficiency or excess or irregularity in the exercise of any powers of the Borrower and its officers;
- (f) The Agreement and the documents to be executed in pursuance hereof when executed and delivered, will constitute valid and binding obligations of the Borrower;
- (g) It has not taken any corporate action nor have any steps been taken or legal proceeding been taken or legal proceedings been initiated or threatened against the Borrower for its winding-up, dissolution, administration, reorganization or for appointment of receiver, administrator of Borrower for all or any of its assets or undertakings;
- (h) As of the date of this Agreement, there is no litigation, proceeding or dispute pending including but not limited to proceeding under Income Tax Act or threatened against the Borrower, the adverse determination of which might substantially affect the Borrower's ability to repay the Said Dues or have a materially adverse effect on the financial condition of the Borrower;
- (i) That all the security created in favor of the Lender are the absolute property of and at the sole disposal of the Borrower and free from any prior charge or encumbrance (except in favour of the Lender, if any), and undertakes that all future property shall likewise be the unencumbered, marketable and disposal property of the Borrower.
- (j) The execution and delivery of this Agreement and the performance of its obligations hereunder does not (i) contravene any applicable law, statute or regulation or any judgment or decree to which the Borrower is subject, (ii) conflict or result in any breach of any of the terms of or constitute default of any covenant, conditions and stipulations under any existing agreement to which the Borrower is a party or (iii) conflict or contravene any provision of the Memorandum and Articles of Association or the Incorporation Documents of the Borrower;
- (k) There has been no material adverse change in the financial condition of the Borrower, nor has any event which is prejudicial to the interest of the Lender taken place since the date of the latest audited financials of the Borrower 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;
- (l) 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 Said Dues, and the Borrower hereby expressly waives any right to seek or make any such claim or recovery on any grounds whatsoever;

- (m) The Borrower will use the Credit Facilities solely for the purpose as specified under this Agreement and in terms of the sanction terms and conditions and shall confirm the same to the Lender, as may be required by the Lender;
- (n) The Borrower undertakes and declares that the Credit Facility availed are within the borrowing powers as mentioned in Section 180(1) (c) of the Companies Act, 2013;
- (o) Borrower declares that the Security Provider has complied with the requirements mentioned in Section 180(1)(a) of the Companies Act, 2013
- (p) Create or permit to subsist any encumbrance, mortgage or charge over all or any of the present or future properties, assets or revenues of the Borrower other than the already existing charges in favour of other financial institutions and Lenders which shall have been disclosed in writing to the Lender, without the prior written consent of the Lender;
- (q) Borrower undertakes that Lender does not have obligation to meet further requirement of the borrower on account of growth in business etc.;
- (r) Borrower is aware and undertakes that the Lender may obtain the information with respect to Borrower's Credit Facilities including derivatives and unhedging of foreign exchange exposure from Lender from time to time.
- (s) There are no charges, or liens of whatsoever nature against any of the Borrower's Hypothecated Assets and Fixed Assets/Property.
- (t) The Borrower shall maintain such margins against Fixed Assets and Hypothecated Assets including stock and receivables as may be prescribed by the Lender, from time to time.
- (u) The Borrower shall execute all documents and do all acts, deeds and things, at its cost and expense, in such manner as the Lender may require to give full effect to these presents including creation of security herein envisaged.

Section 5 : Charge on Immovable Properties:

- (i) The Borrower do hereby agree and undertakes that the Credit Facilities shall be secured by creation of first exclusive charge on the immovable properties more particularly described in Schedule-I of this Agreement and which is hereinafter collectively referred to as "**Property/ Fixed Assets**" and for the payment to the Lender of Said Dues at any time due and payable by the Borrower to the Lender in respect of the Credit Facilities, including all interest, costs, charges and expenses (including legal cost on full indemnity basis) which the Lender may pay or incur in any way in connection with the Credit Facilities or the said Property or the repossession or sale or disposal thereof when the event of default happens under this agreement. The Property shall also be security for all other monies that may be due and payable by the Borrower to the Lender on any account whatsoever, whether present or future, including the liability of the Borrower as a surety or co-obligor either simply or along with any other person. The Lender shall have a First Exclusive Charge over the said Property and that the Borrower shall not create, in any manner, any other charge, interest in the said Property in favour of any other person or body, except with the prior written consent of the Lender.
- (ii) To further secure the Said Dues and create such further security and execute such other documents as may be required by the Lender from time to time in regard to the Credit Facilities and shall execute on demand by the Lender after discuss with the Borrower, such further documents as may be required by the Lender to perfect the security and / or vest the said Property in favour of the Lender and to render the same readily realizable or transferable by the Lender at any time.. The Borrower hereby declares that the Property is the absolute property and ownership of, and at the sole disposal of the Borrower and free from encumbrance of any nature whatsoever and that any properties to be mortgaged in future shall be likewise the sole unencumbered, absolute and disposable property of the Borrower.
- (iii) The Borrower undertakes to maintain themargin against the said Property in respect of the outstanding balance of the said Credit Facilities and accrued interest. If the margin falls below what has been specified, the Borrower undertakes to provide additional margin to the satisfaction of the Lender, such additional margin to be furnished within such time as required by the Lender. The Lender shall be entitled to and shall be at liberty to change from time to time the margin and the Borrower shall be bound by such change.

- (iv) The Borrower shall keep and maintain the said Property in good condition at the cost and risk of the Borrower in all respects and the Borrower shall be liable for any loss or damage caused to the said Property for any reasons whatsoever. In the event of letting out of the said Property, such letting out to be done only with the prior written permission of the Lender, and realisation of the proceeds in respect thereof shall be forthwith credited /deposited by the Borrower to its account with the Lender and shall not be dealt with any other manner whatsoever. If so required by the Lender, the Borrower shall cause to be displayed on the said Property, sign boards prominently indicating that the said Property is mortgaged to the Lender; the sign boards to be displayed in such manner and form as may be required by the Lender. The Borrower shall ensure that no charge or encumbrance or any third party right or interest is created on the said Property and that nothing is done that may adversely affect the security created hereby on the said Property in favour of the Lender.
- (v) The Borrower shall maintain title to or its interest in all of property and shall take all actions necessary to create, maintain and perfect at all times, both ownership and leasehold rights, as may be applicable and shall take all actions necessary to create and perfect interest in the other property, The Borrower shall take all actions necessary to maintain the Borrower's good marketable title / interest to the secured Property which is stated in Schedule I and the transaction documents free and clear of all liens and other security interests other than the security interests created in favour of the Lender under the security documents.

Section 6: Hypothecation:

- (i) The Borrower do hereby hypothecate and charge by way of first exclusive charge to and in favour of the Lender for the Credit Facilities mentioned hereinabove the whole of the Borrower's present and future stocks of raw materials, goods in process of manufacture, semi-finished goods and all finished and manufactured goods and articles together with all stores, components and spares which now belongs to or may hereafter from time to time during the continuance of this security belong to the Borrower and which are or shall or may be brought into stored or be in or upon or about the Borrower's factory, godowns and/or their premises wherever else the same may be situated, stored, or lying or being including any such raw materials, inventories, article or goods, any stores spares and components or other similar moveable assets in course of transit or delivery to the Borrower and all of which hereinafter for sake of brevity are referred to as the said "Stocks" and all of the Borrower's present and future book debts, outstanding monies, receivables, claims, bills, investments, rights to or on moveable properties and moveable assets forming part of current assets which are now due owing or payable or belonging to the Borrower or which may at any time hereafter during the continuance of this security become due, owing payable or belonging to the Borrower in the course of its business and all of which hereinafter for sake of brevity are referred to as the said "Book Debts" and together with all benefits, advantages and legal incidence thereof and All the Borrower's present and future movable plant, machinery, vehicles and equipments belonging to the Borrower which now are, or may hereinafter from time to time during the subsistence of this Agreement or during the subsistence of the securities hereby created, be brought in or stored in or about the Borrower's factories, premises, warehouses and godowns including any plant/ machineries/vehicles/equipment's in the course of transit or delivery wherever lying or parked and all of which hereinafter for sake of brevity are referred to as the said "Plant & Machinery". The moveable/immovable assets hereby hypothecated including the aforesaid Stocks, Book Debts and Plant and Machinery are hereinafter collectively referred to as the "**Hypothecated Assets**".
- (ii) The said Hypothecated Assets which are hereby hypothecated by the Borrower to and in favour of the Lender by way of First exclusive charge shall be remain as security to the Lender for the due payment of Said Dues by the Borrower to the Lender on demand of all monies at any time payable by the Borrower to the Lender under or in respect of the said Credit Facilities and whether for principal, interest, service charge, commitment charge, commission, fee, discount or for costs, charges and expenses or other monies, payable hereunder by the Borrower to Lender which may be incurred by the Lender and for the due payment and discharge of all indebtedness and/or liability of the Borrower to the Lender including in respect of any bills of exchanges, promissory notes or instruments at any time drawn, made accepted or endorsed by the Borrower solely or jointly with others which the Lender may discount or become interested in, together with all interest, discount, commission, fee, charges (including service charges) costs (between attorney/advocate and client) and expenses payable to or incurred by the Lender. The Borrower shall not remove or cause or permit to be removed any of the Hypothecated Assets 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 Hypothecated Assets to be diverted while in transit except for the purpose of dealing with the Hypothecated Assets in the ordinary course of Borrower's business.
- (iii) In the event of the sale of the Hypothecated Assets and realisation of the sale proceeds, such sale proceeds shall be forthwith credited/deposited by the Borrower to its account with the Lender and shall not be dealt with any other manner whatsoever. In the case of shipment or movement of the Hypothecated Assets by the

ship, railway or lorry or otherwise, the Borrower shall hand over to the Lender for collection the relative documents including the relative Bills of lading, railway receipts and lorry receipts duly endorsed in favour of the Lender to enable the Lender to realise the proceeds thereof.

If so required by the Lender, the Borrower shall cause to be displayed at all places whereby any of the Hypothecated Assets may be kept, sign boards prominently indicating that the Hypothecated Assets are hypothecated to the Lender; the sign boards to be displayed in such manner and form as may be required by the Lender.

- (iv) The Borrower shall at all time during the continuance of this security keep and maintain a margin of security of ___% against the said Plant & Machinery and ___% against the said Stocks and ___% against the said Book Debts, in favour of the Lender (herein after called the said "Margin") or such other percentage against such assets as the Lender may from time to time determine of the cost or market value (market value as found by the Lender) whichever is lower of the said Plant & Machinery, Stocks and Book Debts or any part thereof. The Lender shall be entitled to and shall be at liberty to change from time to time the Margin's and the Borrower shall be bound by such change. The Borrower shall at all times maintain the said Plant & Machinery and a sufficient quantity of the said Stocks and/or the said Book Debts to provide the necessary margin of security as specified herein and as may be required by the Lender from time to time and will forthwith whenever necessary provide further assets approved by the Lender to restore such Margin or reduce the amount for the time being due to the Lender by cash payment so as to restore/maintain the said Margin.
- (v) The Borrower hereby declares that all the Hypothecated Assets and all sales and realisations and the insurance proceeds thereof and all documents relating to the Hypothecated Assets shall be held in trust by Borrower for the Lender. The Borrower shall ensure that no charge or encumbrance is created on Hypothecated Assets or any of them and that nothing is done that may adversely affect the security created hereby on the Hypothecated Assets in favour of the Lender.
- (vi) That the Borrower shall make best endeavour to obtain payment of all the said Book Debts as and when the same shall become payable and pay all such sums when received into the said Facility Account with the Lender. Further, the Borrower shall not except in the ordinary course of business, receive, release or compound any of the said Book Debts without the consent in writing of the Lender and will not do anything whereby the recovery thereof may be delayed, impeded, prejudiced, prevented or become time barred.
- (vii) The Borrower shall execute on demand by the Lender such further documents as may be required by the Lender to perfect the security and / or vest the said Hypothecated Assets or any of them in favour of the Lender and to render the same readily realizable or transferable by the Lender at any time.
- (viii) That the Lender shall not in any way be responsible in respect of the quantity, quality, weight, amount, value, condition and final out turn of the said Hypothecated Assets if the same are or happen to be in possession of the Lender and for any loss, destruction or deterioration thereof or damage thereto occasioned by theft, pilferage, robbery, fire, riot and civil commotion, malicious damage or otherwise howsoever whatsoever may be the circumstances or the reason under or for which the loss, destruction, deterioration or damage may arise, including any act, omission, negligence, default of the Lender or any of its servants or nominees or agents

Section 8: Other General Terms & Condition

- (i) The Borrower hereby agrees and appoints the Lender and also its officers, authorised representatives to be its duly authorised attorneys, for all or any of the following purposes when event of default under this agreement occurs, namely:
 - (a) To enter the said Property and inspect and value them;
 - (b) To enter upon the premises and /or any place where any of the Hypothecated Assets may be and inspect and value them.
 - (c) To take possession and /or appoint receivers of the said Property from whomsoever they may be in the possession of. To sell the said Property for and on behalf of the Borrower and at the risk of the Borrower in all respects and to realise full or any part or portion of the sale proceeds thereof.
 - (d) To take possession of all or any of the Hypothecated Assets and/or the documents relating thereto from whomsoever they may be in the possession of. To sell the any of the Hypothecated Assets for and on behalf of the Borrower and at the risk of the Borrower in all respects and to realise full or any part or portion of the sale proceeds thereof.

- (e) 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 Said Dues for and on behalf of the Borrower and to attend before the Sub-Registrar of Assurances and admit execution thereof;
- (f) To take all such steps as may be required for the recovery of the said Property and/or said Hypothecated Assets, including the institution of any claim, suit, petition or other legal process and the signing and execution of all necessary vakalatnamas and documents for the said purpose and the compromising or settlement of such suit or action.
- (g) Generally to do, perform and execute or cause to be done, performed or execute all acts deeds matters things and documents in all matters arising under or out of or concerning or touching under or out of concerning or touching these presents as the Borrower should itself do perform or execute.
- (h) And for better and more effectually doing, effecting and performing the several matters and things aforesaid to appoint from time to time or generally such other persons bodies companies, organisations or agencies as the Lender may think for as its substitute or substitutes at pleasure to remove and to appoint other or others in his or their place.
- (i) The Borrowers 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.

The Borrower further agrees to give all assistance to the Lender and its officers and authorised representatives for the purpose of exercising any of the powers here in above set out, including endorsing of documents, signing of papers and doing all such things as may be necessary to enable the Lender and its officers to exercise all the powers hereby conferred. 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 remaining due owing or payable under or in respect of or pursuance of the Said Dues and/or these presents.

- (ii) 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 said Credit Facilities and/or these presents.
- (iii) The Borrower will regulate its drawings out of and payment into the said Facility Account with the Lender in such manner that the amounts due from time to time for principal and interest of the said Facility Account shall be kept as nearly as practicable to the limits granted by the Lender. No payment into or drawings out of the said Facility Account or any transactions dealing agreement or arrangement whatsoever in connection with the said Facility Account shall affect state of other accounts or any transaction, dealing, agreement or arrangement in connection therewith. The rights, powers and remedies given to the Lender by this agreement shall be in addition to all rights powers and remedies given to the Lender by virtue of any other security, statute, or rule of law.
- (iv) The Borrower shall pay all rents, taxes, outgoing and other charges in respect of the said Fixed Assets/ Property and Hypothecated Assets or any part thereof may for the time being be lying.
- (v) The said Fixed Assets/Property and/or Hypothecated Assets shall be kept at the Borrower's risk and expenses and the Borrower shall at its own expense during the continuance of this security keep the said Fixed Assets/Property and Hypothecated Assets in good and marketable condition and shall likewise at its own expenses insure and keep the said Fixed Assets/Property and Hypothecated Assets fully and comprehensively insured in joint names of the Lender and the Borrower against theft, loss or damage by fire riots, civil commotion and all other risks as the Lender shall require for the full market/replacement value thereof in an insurance office or offices to be approved by the Lender and shall deliver the policies of insurance or certified copy thereof to the Lender and shall likewise deliver the receipt for the last premium paid for every such policy of insurance and shall pay to the Lender all proceeds of any policy received by the Borrower during the continuance of this security and shall renew and keep in force and maintain such insurance throughout the continuance of the security and deliver to the Lender the renewal receipts and policies. In the event of the Borrower failing in its obligations as aforesaid, the Lender, may, at its discretion, pay such rents and outgoing and insure the said Property and any such payment of rents, taxes, outgoing, other charges, any premium paid by the Lender and any costs, charges and expenses incurred by the Lender shall be repaid by the Borrower on demand forthwith and shall until repayment, carry interest at the rate aforesaid to be charged on Fixed Assets/Property and Hypothecated Assets. The Lender shall be entitled without prejudice to all its other rights and powers, to debit the amounts of such premium, rents, taxes, outgoing, other charges costs, and expenses to the accounts of the Borrower in such manner as it deems fit. If any amount is received from a Insurance Company under any policy or policies of insurance, the amount so realised may, at the sole discretion of the Lender, be utilised in replacement of the destroyed or damaged said Fixed Assets/Property and Hypothecated Assets or in liquidation of the amounts for the time being due to the Lender as provided herein.
- (vi) The Lender shall be entitled to adjust, settle and compromise in any manner whatsoever including by reference to arbitration at the Borrower's cost, any dispute arising under or in connection with any such policy of insurance and such adjustment, settlement, compromise and any award made or decision given in any such arbitration or otherwise

shall be valid and binding on the Borrower and the Lender shall also be entitled to receive all monies payable under any such insurance or under any claim made thereunder and to issue a valid receipt therefor and that the Borrower will not raise any question that a larger sum might or ought to have been received or be entitled to raise any dispute on the balance in any of the Facility accounts after such credit.

Provided, however, the Lender shall not be considered responsible or liable for the non-admission of the claims or their non-payment wholly or partly by such Insurance Company for the omission to ensure or deficiency of insurance and the ultimate liability of the Borrower to the Lender shall continue notwithstanding such failure or non-admission as aforesaid and the Lender shall not incur any liability to the Borrower if it fails to lodge any claim under any policy with the Insurance Company within the time prescribed under such policy or for any reason whatsoever. Nor shall the Lender incur any liability to the Borrowers for not bringing any suit for recovery of insurance moneys or allowing such suit to be barred by time.

- (vii) The Borrower shall whenever so required by any of the Lender, furnish to the Lender full particulars of the said Fixed Assets/Property and/or Hypothecated Assets and produce such evidence as the Lender may require as to the cost and value of the said Fixed Assets/Property and/or Hypothecated Assets.
- (viii) The Borrower shall value the Fixed Assets/Property and/or Hypothecated Assets at the appropriate rates whether fixed by the Lender or not and shall not overvalue the same. The Lender shall be at liberty from time to time and at any time to have the said Fixed Assets/Property and/or Hypothecated Assets inspected and valued by an appraiser or valuer appointed by the Lender which value shall be conclusive and binding on the Borrower both in and out of court.
- (ix) The Borrower hereby declares that the Fixed Assets/Property and/or Hypothecated Assets is the absolute property and ownership of, and at the sole disposal of the Borrower and free from encumbrance of any nature whatsoever and that any properties to be mortgaged in future shall be likewise the sole unencumbered, absolute and disposable property of the Borrower.
- (x) The Borrower undertakes to further secure the Credit Facilities and create such further security and execute such other documents as may be required by the Lender with regard to the Credit Facilities.
- (xi) The Borrower shall keep proper books of accounts of its business and carefully keep and preserve all the documents, papers and vouchers in connection with or relating to or which prove or are likely to prove the debts and assets or any part thereof and will at any time when required to do so, produce such books documents papers and vouchers for the inspection of the Lender and take such steps for the recovery thereof as the Lender may direct, failing which the Lender is here by empowered without any future consent of the Borrower to take all or any such steps by itself in the name of and on behalf of and at the cost and expenses of the Borrower.
- (xii) The Borrower shall execute on demand by the Lender such further documents as may be required by the Lender to perfect the security and / or vest the said Hypothecated Assets or any of them in favour of the Lender and to render the same readily realizable or transferable by the Lender at any time.
- (xiii) The Borrower further agrees that the Lender shall not be required to make or continue advances on the said account otherwise than at the Lender's sole discretion and that the Lender will be entitled to stop any further disbursements and/or close the said account at any point of time without any prior notice to the Borrower.
- ~~(xiv)~~ (xiv) The Borrower shall carry on in an efficient manner the Borrower's business and secure all necessary consents and licenses as may be required in force and ensure that no breach of any provisions of law is caused.
- ~~(xv)~~ (xv) The Borrower agrees that the Credit Facilities, if made available, are subject to the Lender's periodic review, and continuation thereof on the same, or modified terms is subject to the Lender's satisfaction as to circumstances deemed relevant by the Lender. The Credit Facilities may, without prior notice, be canceled, in whole or in part, at the Lender's sole discretion and the Lender shall recall the Credit Facilities and call upon the Borrower to repay immediately Said Dues and the Borrower shall without any demur and protest repay the entire Said Dues. Furthermore, if any event occurs which, in the sole opinion of the Lender, is prejudicial to the interest of the Lender or is likely to affect the financial condition of the Borrower or its ability to perform all or any of its obligations with respect to the Credit Facilities extended, the Lender may, without any liability for consequences refuse to advance the Credit Facilities to the Borrower. Upon the Lender canceling the Credit Facilities, the Said Dues outstanding under this Agreement shall immediately become due and payable to the Lender without any further notice or demand of any kind or nature whatsoever. In the event that the Borrower fails to promptly, within no longer than 2 days, fail to make payment and repayment of the Said Dues, the Lender may

- a) without requiring to provide any further notice of such action, enforce any and all security created hereunder in favour of the Lender; and
- b) exercise any right, power or remedy permitted to it by law, including by suit, in equity, or by action at law, or both, or otherwise, whether for specific performance of any covenant, condition or term contained in this Agreement or for an injunction against a violation of any of the terms and conditions of this Agreement, or in aid of the exercise of any power or right granted in this Agreement and/or as a creditor.

Section 5. Covenants of the Borrower

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

- (a) promptly inform the Lender of any occurrence of which it becomes aware which might adversely affect the Borrower or affect its ability to perform its obligations under this Agreement;
- (b) promptly inform the Lender of the occurrence of any Event of Default under this agreement and 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 confirmation, no default has occurred and is continuing;
- (c) pay regularly all taxes, assessments, dues, duties and impositions as may, from time to time, be payable to any Government body or authority and reimburse to Lender, if paid by the Lender in pursuance of this Agreement or on any instruments, issued hereunder;
- (d) deliver to the Lender in form and details satisfactory to the Lender in such number of copies as the Lender may request audited accounts within such reasonable time from the close of the financial year as may be permitted by the Lender and such other statement or statements or information pertaining to the operations or business of the Borrower as the Lender may require in the context of the said Credit Facility;
- (e) inform any change taking place in the ownership or control of the Borrower whereby the effective beneficial ownership or control of the Borrower shall change;
- (f) inform with respect to any material change in the management of the business of the Borrower;
- (g) The Borrower covenants with the Lender that none of the Borrower's directors, is/are director or specified near relation of a director of the Lender;
- (h) The Borrower shall carry on the entire banking transaction of its business only through the Lender. The Borrower further undertakes with the Lender that it shall not bank/maintain any accounts with any bank other than the Lender without no objection certificate from the Lender;.
- (i) Promptly inform the Lender on the occurrence or likely occurrence of any damage to the Hypothecated Assets and/or Property for any reason whatsoever;
- (j) Promptly inform the Lender on the occurrence or likely occurrence of any distress or other proceedings of court being taken against the Hypothecated Assets and/or Property;
- (k) The Borrower undertakes that it shall not without the prior notice of at least 15 working days to the Lender
 - 1) declare or pay dividends in respect of any financial year if any Event of Default under this agreement has occurred;
 - 2) effect any sell off, amalgamation, merger, reconstruction or consolidation;
 - 3) effect any material change in the shareholding or management of the Borrower;
 - 4) undertake guarantee obligation on behalf of any third party or any other company except the subsidiary of the Borrower;

Section 6. Events of Default

6.1 Act of Events of Default

The Borrower shall be deemed to have committed an **Events of Default** on the happening of, inter-alia, any one or more of the following events and be continuing, namely:

- (a) The Borrower or the Security Provider fail/s to repay on demand the Said Dues and/or any monies, which ought to be paid by the Borrower or the Security Provider under the Facility Documents or

- (b) The Borrower or the Security Provider shall commit any breach of any agreement or covenant or representation or warranty on its part herein contained or under any circumstances which in the sole judgement of the Lender is prejudicial to its interest. or
- (c) if the Borrower creates in any manner of interest on the Hypothecated Assets and/or Property or any part thereof or
- (d) if the Hypothecated Assets and/or Property are confiscated, attached or taken into custody by any authority or become the subject of any legal proceedings or
- (e) if in the absolute discretion opinion of the Lender there is a likelihood of the Said Dues not being paid and/or the Hypothecated Assets and/or Property are likely to be encumbered and/or transferred to defeat the security and the due amounts of the Lender or
- (f) If an insolvency notice is served on the Borrower or the Security Provider or any distress or execution is levied or enforced against any property or assets whatsoever of the Borrower or the Security Provider or if a person shall take any steps towards applying for or obtaining an order for the appointment of the receiver of any property or assets whatsoever of the Borrower or if such receiver is appointed or
- (g) If any person obtains an order for the winding up of the Borrower or the Security Provider or if any step is taken by any person towards passing any resolution to wind up the Borrower or the Security Provider or if any such resolution shall be passed or
- (h) if the Borrower or the Security Provider shall suspend or cease to carry on business or to conduct its business to the satisfaction of the Lender or any of them or
- (i) if the Borrower misuses the said Credit Facilities or any part thereof for any purpose other than for which the said Credit Facilities have been sanctioned or
- (j) The Borrower or the Security Provider committing default and/or a breach of any of the obligations of the Borrower either under Facility Documents and/or under any other agreement entered into by the Borrower with the Lender or any other branch office, or group companies of the Lender or any other bank or financial institutions or
- (k) if any consent, authorisation, approval or license of or registration with or declaration to government or public bodies or authorities required to authorise or required by the Borrower or the Security Provider in connection with the execution, delivery, validity, enforceability or admissibility in evidence of this Agreement or the performance by the Borrower of its 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 or
- (l) if the Lender is informed or in the event that information comes to the knowledge of the Lender that there is likely to be a change in the constitution of the Borrower or the Security Provider and such change in the reasonable opinion of the Lender would adversely affect the interest of the Lender or
- (m) if there exists any other circumstances which in the reasonable opinion of the Lender, jeopardises the Lender's interests or
- (n) All or substantially all of the undertaking, assets or properties of the Borrower or the Security Provider or its interests therein are seized, nationalised, expropriated or compulsorily acquired by the authority of government or
- (o) There occurs any event or situation, such as and 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 or the Security Provider, which in the reasonable opinion of the Lender is prejudicial to the interests of the Lender or in the reasonable opinion of the Lender materially affect the financial condition of the Borrower and/or its ability to perform all or any of its obligations under the Facility Documents and/or otherwise in respect of the Credit Facilities and to comply with any of the terms of Facility Documents and/or for the Credit Facilities or

6.2 Lender Discretion in Events of Default

In the event of the Borrower committing any event of default under this agreement, as aforesaid, then notwithstanding anything to the contrary herein contained, the Lender shall be entitled at its absolute discretion, to inter alia:

- (a) Cancel, recall and/or accelerate the said Credit Facilities and at the sole discretion of the Lender to make or continue to make available the said Credit Facilities to the Borrower. In the event of cancellation, recall, acceleration the Lender shall be within its rights to and recall said Credit Facilities and Said Dues so owing and payable by the Borrower under this Agreement;
- (b) To take charge, seize, recover, receive, appoint receivers or remove and take possession of all or any part of the said Hypothecated Assets and/or Property and also of all books of accounts, papers, documents and vouchers and other records relating thereto and thereupon either forthwith or at any time and from time to time to sell, realise, dispose of and deal with in any manner including by public auction or tender or private contract and whether with or without intervention of the court all or any part of the said Hypothecated Assets and/or Property in such manner and upon such terms and conditions as the Lender think fit.
- (c) The Lender shall, without prejudice to the foregoing powers, be also entitled generally to enforce, realise, settle, compromise and deal with any of the rights aforesaid as regards the Hypothecated Assets and/or Property, but without being bound to exercise any of these rights or powers or being liable for any loss in the exercise thereof and any such exercise shall be without prejudice to the rights and remedies of the Lender of suit or otherwise and notwithstanding that there may be pending suit or other proceedings. In the event of there being a surplus available of the net proceeds of any such sale after payment in full of the balance due to the Lender, it shall be lawful to the Lender to retain and apply the said surplus together with any money or monies belonging to the Borrower for the time being in the hands of the Lender in or under whatever account as far as the same shall extend against, in or towards liquidation of any and all monies that shall be or may become due from the Borrower whether solely or jointly with any other person or persons, firm or company to the Lender by way of loans, discounted bills, letters of credit, guarantees, charges or any other debts or liability including bills, notes, credits and other obligations current though not then due and payable or other demands legal or equitable which the Lender may have against the Borrower or which the law of set-off or mutual credit would in any case admit and whether the Borrower shall become or be adjudicated bankrupt or insolvent or be in liquidation or otherwise and interest thereon from the date on which any and all advance or advances in respect thereof shall have been made at the rate or respective rates at which the same have been so advanced.
- (d) To take all necessary steps as fully and effectively as the Borrower could take at Borrower's risk and expenses for securing or realizing Lender's outstanding if necessary act either as attorney or attorneys in terms of the power secured by the Lender and take possession, and dispose off the said Hypothecated Assets and/or Property at the risk and cost of the Borrower in all respects and it shall be lawful for the Lender forthwith or at any time thereafter and without notice to the Borrower to enter upon the property and /or premises, or garage or godown where the Hypothecated Assets shall be lying or kept and to take possession or recover and receive the Hypothecated Assets/Said Property and if necessary to break upon any such place of storage and/or the said property and the Lender shall be entitled to appoint any officer or officer of the Lender or any other person authorised in this behalf as receiver of the said Hypothecated Assets and/or Property with power to do all things as fully and effectively as the Borrower could do and/or to sell the said Hypothecated Assets and/or Property by public auction or private contract transfer, endorse, assign, deliver or otherwise dispose off or deal with all of the said Hypothecated Assets and/or Property or any part thereof at the risk and cost of the Borrower in all respects with power to rescind or vary any contract for sale without being bound and answerable for any loss or diminution in value and without being bound to exercise any of the powers hereby conferred or being liable for any loss occasioned by the exercise of any such power and to give effectual receipts and discharge for the purchase money and to do all such as the Lender or the receiver, shall think proper and enforce, realise, settle and compromise in any manner whatsoever including by reference to arbitration and/or deal in any manner with all or any of the Hypothecated Assets and/or Property and to complete any engagement relating thereto and to appropriate the realised amount towards all or any of the dues of the Borrower, in respect of the said Credit Facilities or otherwise, with interest to the Lender. The Borrower shall not raise any objection to the irregularity of any sale or other disposition made by the Lender be responsible for any loss that may arise for any act or default on the part of any broker or auctioneer or other person or body employed by the Lender or the receiver for the purpose of the sale or disposition.
- (e) The Borrower further hereby undertakes to give immediate possession to the Lender on demand of the said Hypothecated Assets and/or Property when required by the Lender and to transfer, endorse, produce, and deliver to the Lender all relative contracts, securities, notes, bills of exchanges and other negotiable instruments and also all books of accounts, documents, papers, files and vouchers relating to the said Hypothecated Assets and/or Property and agrees to accept the accounts of sales and realizations given by the Lender as conclusive proof of amounts realized and relative expenses and to pay on demand any shortfall or deficiencies thereby shown. The proceeds of sale or other realization of the said Hypothecated Assets and/or Property shall be applied by the Lender in the manner mentioned in the present Agreement.

- (f) The Lender shall be entitled at all times and without any notice to the Borrower to set off and apply other money or monies in the hands of the Lender standing to the credit of or belonging to the Borrower in or onwads payments of any amount at any time being payable to the Lender or towards the outstanding in the accounts and to recover at any time from the Borrower by suit or otherwise the balance remaining payable to the Lender under the account(s) or otherwise notwithstanding that all or any of the securities may be outstanding and or may not have been realized.
- (g) It shall be lawful for the Lender or its agent(s), nominees, officer(s) or employees(s) forthwith and without any notice to the Borrower to enter into or upon the place or premises where or wherein any of the said Hypothecated Assets and/or Property and books of accounts, papers, documents and vouchers and other records relating thereto may be situated or kept stored and for the purpose of such entry, if necessary, to do so as attorney or attorneys of the Borrower and in the name of the Borrower and to do all acts, deeds and things deemed necessary by the Lender and to inspect value, insure, superintend disposal and/or take particulars of all or any part of the said Hypothecated Assets and/or Property and check any statement, accounts, reports and information.

Provided also that subject to all these powers of the Lender, the Borrower may sell, dispose of or otherwise deal with the said Hypothecated Assets from time to time in due course of business provided the margin on security required by the Lender is fully maintained and on condition of payment or delivery to the Lender of the net proceeds thereof immediately on receipt thereof in satisfaction so far as the same will extend of the balance then due and owing to the Lender. Provided further that the Borrower shall not make any sale of any of the Hypothecated Assets upon being prohibited in writing by the Lender from doing so

Provided that it shall be lawful for the Lender or its agent(s), nominees, officer(s) or employees(s) forthwith and without any notice to the Borrower to enter into or upon the said Property and for the purpose of such entry, if necessary, to do so as attorney or attorneys of the Borrower and in the name of the Borrower and to do all acts, deeds and things deemed necessary by the Lender and to inspect value, insure, superintend disposal and/or take particulars of the said Property and check any statement, accounts, reports and information.

- (h) The Lender shall be at liberty to exercise any powers or authority exercisable hereunder by the Lender and to file any suits or legal proceedings for recovery of the Said Dues from the Borrower and to take steps to realise or enforce the security hereby agreed to be created in favour of the Lender, either by sale or otherwise and either through the intervention of the court or by appointing a receiver or in any other manner howsoever, and whatsoever as it thinks fit.
- (i) In the event of the said Hypothecated Assets and/or Property being realised howsoever and in whatsoever manner, the realisation thereof shall be applied as indicated herein. However, in the event of the net proceeds of realisation remaining as aforesaid being insufficient for the repayment of whole of the indebtedness of the Borrower to the Lender under or in respect of the said Credit Facilities and Said Dues the Lender shall be at liberty to apply any other money or monies in their hands standing to the credit of or belonging to the Borrower in or towards the payment of the balance and in the event of there being still any deficiencies, the Borrower shall forthwith pay such deficiencies, PROVIDED that nothing herein contained shall in any manner prejudice or effect the Lender's remedy against the person of the Borrower.
- (j) All the said Hypothecated Assets and/or Property and all proceeds of sale or other realisation and proceeds of insurance thereof and all documents under this security shall always be kept distinguishable and held as the exclusive property of the Lender specifically appropriated to the security to dealt with only under the directions of the Lender and the Borrower shall not without the permission of the Lender create any mortgage, charge or lien or encumbrances upon or over or affecting the same or any part thereof (and whether prior to or pari passu or whether subject to this security) except with the permission of the Lender and to the extent they may permit, nor suffer any such mortgage charge or lien or encumbrance to affect the same or any part thereof nor do or allow anything that may prejudice the security.
- (k) The Borrower shall submit to the Lender monthly or as often as may be required statements of the said Plant & Machinery, required Stocks statements and also statements of the said Book Debts together with information regarding the said property on details of with lists of current insurance policies and amounts insured verified by certificates of the Borrower or the manager for the time being of the Borrower that the quantities and amounts given in the statements are correct and that all the said Plant & Machinery and all the said Stocks and all the said Property are fully covered by insurance and containing such other certificates and particulars as may be specified by the Lender and will also furnish and verify all financial and other statements, reports, returns, certificates, accounts documents particulars and information and such other periodical data as may be required by the Lender.
- (l) The Borrower shall submit to the Lender as often as may be required information regarding the said Property together with list of current insurance policies and amounts insured verified by certificates of the Borrower or the

Manager for the time being of the Borrower that the amounts given in the statements are correct and that all the said Property are fully covered by insurance and containing such other certificates and particulars as may be specified by the Lender and will also furnish and verify all financial and other statements, reports, returns, certificates, accounts documents particulars and information and such other periodical data as may be required by the Lender.

- (m) The Borrower shall also execute, as and when required by the Lender, all documents, transfers, assignments and endorsements and do all acts, deeds and things which the Lender may require for vesting the said Hypothecated Assets and/or Property or any of them in the Lender and to render the same readily, realisable or transferable by the Lender at any time and also for giving full effect to this security
- (n) Apply and/or appropriate and/or set off any credit balance standing upon any account of the Borrower with any branch of the Lender in India or abroad and in whatever currency first in or towards the satisfaction of any sum (whether of principal, interest or otherwise) due to the Lender from the Borrower hereunder and/or in its own discretion without assigning reasons and upon written notice mailed or delivered to the Borrower cancel/ recall the said Credit Facilities herein granted and demand repayment thereof. Delivery of such notification by the Lender shall constitute sufficient notice of such cancellation, and thereupon the said Credit Facilities and Said Dues shall become due and payable by the Borrower immediately to the Lender;
- (o) Commence legal proceedings to recover all advances, charges, cost and expenses, including legal fees, incurred or paid by the Lender in exercising any right, power or remedy conferred by this Agreement, (or in the enforcement thereof shall become a part of the indebtedness secured hereunder and shall be paid to the Lender by the Borrower immediately and without demand);
- (p) Act as the attorney of the Borrower to do all such acts and execute all such documents as the Lender may consider necessary or expedient for the purpose of recovery of Said Dues in this regard

Section 7 Taxes and Irregularities

(a) Taxes:

That all payments and reimbursements by the Borrower under the said Credit Facilities shall be made free and clear of and without any deduction, except to the extent that the Borrower is/are required by law to make payment subject to any taxes. If any tax or amounts in respect of tax must be deducted, or any other deductions must be made, from any amounts payable or paid by the Borrower, the Borrower shall pay such additional amounts as may be necessary to ensure that the Lender receives a net amount equal to the full amount which it would have received had payment not been made subject to tax or other deduction. Provided that, all taxes, if required by law to be deducted by the Borrower from any amounts of interest paid or payable under the said Credit Facilities shall be paid by the Borrower when due and the Borrower shall, within 30 days of the payment being made, deliver to the Lender evidence satisfactory to the Lender (including all relevant tax receipts in originals) that the payment has been duly remitted to the appropriate authority.

(b) Irregularity:

Without prejudice to generality of the foregoing the Lender shall also be entitled to charge at its own discretion and the Borrower shall be liable to pay and hereby agrees to pay such enhanced rate of interest on the said Facility Account either on the entire outstanding or the portion thereof as the Lender may fix for any irregularity or any breach of the terms of sanction or hereof by the Borrower and for such period as the irregularity or breach continue or for such time as the Lender may decide it necessary regard being had to the nature of the irregularity or breach provided that the charging and payment of enhanced rate of interest shall be without prejudice to the other rights or remedies of the Lender either hereunder or otherwise or by law to proceed for such irregularity or breach against the Borrower.

Section 8 Changes in Relevant local Regulations

If, by reason of (i) any change in law or in its interpretation or administration and/or (ii) compliance with any request from or requirement of the Reserve Bank of India or other fiscal, monetary or other authority (including, without limitation, a request or requirement which affects the manner in which the Lender is required to or does maintain capital resources or reserves having regard to the Lender's obligations hereunder and to amounts owing to it hereunder

- (a) 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 hereunder; or
- (b) The Lender becomes liable to make any payment on account of tax or otherwise (not being a tax imposed on the net income of the Lender) on or calculated by reference to the Said Dues made or to be made by the Lender hereunder and/or to any sum received or receivable by it hereunder, then the Borrower shall, from time to time on demand of the Lender, promptly pay to the Lender amounts sufficient to indemnify the Lender against, as the case may be (1) such cost, (2) such reduction in such rate of return (or such proportion of such reduction as is, in the opinion of the Lender, attributable to its obligations hereunder), (3) such increased cost (or such proportion of such increased cost as is, in the opinion of the Lender, attributable to its funding or maintaining an advance hereunder) or (4) such liability. The Lender intending to make a claim as indicated herein shall notify the Borrower thereof. Provided that nothing herein shall require the Lender to disclose any confidential information relating to the organisation of its affairs.

Section 9 Disclosure/ Sharing Information

- (a) The Borrower accepts, confirms and consents for the disclosure and sharing by the Lender of all or any information and data relating to the Borrower, the Credit Facilities, derivatives, unhedging foreign currency exposures, any other transactions that the Borrower has with the Lender, the Borrower's account, and the agreements and documents related to the Credit Facilities and transactions, including but not limited to information relating to default, if any, committed by the Borrower, in the discharge of the Borrower's obligations in relation to the Credit Facilities or other transactions, as the Lender may deem appropriate and necessary to disclose and furnish, to the Reserve Bank of India ("RBI") and/or to the Credit Information Bureau (India) Ltd and/or to any other agency or body as authorized in this behalf by RBI, to other Lenders under consortium and/or multiple banking arrangements and lenders including assignees and potential assignees, to its professional advisers and consultants and to its service providers instructed by it in relation to the Credit Facilities, and/or as required under law or any applicable regulation or at the order of a court of law, or at the request or order of any statutory, regulatory or supervisory authority with whom it customarily complies. The Borrower undertakes and covenants that it shall provide all information, including information regarding other credit facilities enjoyed by the Borrower, as and when required by the Lender.
- (b) The Borrower accepts that the RBI or the Credit Information Bureau (India) Ltd. and any other agency so authorized, any statutory, regulatory or supervisory authority or other lenders, may use, process, disseminate the said information and data disclosed by the Lender in such manner as deemed fit by them in any particular circumstances and shall not hold the Lender at all responsible or liable in this regard.
- (c) 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 the Credit Facilities and utilization thereof and/or the obligations of the Borrower and /or the Borrower's compliance with the terms thereof and / or to recover amounts due to the Lender or any part or portion thereof, shall and/or may be carried out by and / or through such other person (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 Credit Facilities.
- (d) The Borrower accepts, confirms and consents for the disclosure and sharing by the Lender of all or any information and data relating to the Borrower, the Credit Facilities, with other branches/ head office/ regional offices/ subsidiary or holding/ group companies of the Lender.

Section 10 Miscellaneous

10.1 Credit Rating

It is agreed that the credit rating and all other acts/steps/duties as are necessary for the Lender to monitor the Credit Facilities or any part or portion thereof and/or to recover the Said Dues due to the Lender or any part or portion thereof shall/may be carried out by such other person company body organisation or agency 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 company body organisation or agency that may thus be appointed by the Lender, all documents statements of accounts and other information of whatsoever nature pertaining to the Borrower or the Credit Facilities.

10.2 Assignment

The Borrower expressly recognizes and accepts that the Lender shall be absolutely entitled and have full power and authority to sell, assign or transfer in any manner, in whole or in part, and in such manner and on such terms as the Lender may decide, (including reserving a right to the Lender to retain its power hereunder to proceed against the Borrower on behalf of the purchaser, assignee or transferee) any or all outstanding dues of the Borrower to any third party of the Lender's choice without any further reference or intimation to 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 as the case may be.

10.3 Lien & Setoff

The rights, powers and remedies given to the Lender by this agreement shall be in addition to all rights powers and remedies given to the Lender by virtue of any statute, or rule of law. The Lender may exercise a banker's lien or right of set-off with respect to any obligation of the Borrower to the Lender in the same manner as if the obligation were unsecured and shall have a lien on all property or securities of the Borrower in the Lender's possession or custody whether for safe-keeping or otherwise.

The Lender shall have a lien and right of set-off on all monies belonging to the Borrower standing to their credit in any account whatsoever with the Lender. If upon demand by the Lender the balance outstanding under these Credit Facilities/Agreement is not repaid within the prescribed time, such credit balance in any account may be adjusted towards dues payable under these Credit Facilities/Agreement. In case of any deficit, the deficit amount may be recovered by the Lender from the Borrower.

10.4 Indemnity

- The Borrower does hereby indemnify and agree to keep indemnified the Lender from time to time and at all times hereafter against all claims, costs, losses and expenses that may be incurred by the Lender by reason of any act or default on the part of the Borrower in respect of the said Credit Facilities and/or the said Hypothecated Assets and/or Property a and/or any of the terms herein.

10.5 No Waivers or forbearance or delay

- Any waiver or forbearance or delay on the part of the Lender to insist upon the performance of any terms and conditions of this Agreement, or to exercise any right or privilege conferred in this Agreement, or to demand any penalties resulting from any breach of any of the terms or conditions of this Agreement shall not be construed as a waiver on the part of the Lender of any of the terms or conditions of this Agreement or of any of its rights or privileges or of any other default on the part of the Borrower, and all original rights and powers of the Lender under this Agreement will remain in full force, notwithstanding any such forbearance or delay.

10.6 Subordinate Loan

The Borrower does hereby agree declare, confirm and undertake that all loans, advances, and other monies advanced by its group companies/ associates/ the directors, designated partners, partners, and/or their friends and relatives or any of them or any other person shall stand and be regarded as subordinate debt in relation to the said loan/advances/Credit Facilities hereby granted. The Borrower does hereby further declare and undertake that in case of Event of Default the Borrower shall not repay any of such loans and advances in whole or in part or pay any interest thereon until such time as the entire outstandings of the Lender under and in pursuance of the Credit Facilities and/or this Agreement are repaid in full.

10.7 Book of Accounts

The Borrower shall keep proper books of accounts of its business and carefully keep and preserve all the documents, papers and vouchers in connection with or relating to or which are likely to prove the debts and assets or any part thereof and will at any time when required to do so, produce such books documents papers and vouchers for the inspection of the Lender and take such steps for the recovery thereof as the Lender may direct, failing which the Lender is here by empowered without any future consent of the Borrower to take all or any such steps by itself in the name of and on behalf of and at the cost and expenses of the Borrower.

10.8 Right, Power or Remedy permitted to it by law

Lender shall exercise any right, power or remedy permitted to it by law, including by suit, in equity, or by action at law, or both, or otherwise, whether for specific performance of any covenant, condition or term

contained in this Agreement or for an injunction against a violation of any of the terms and conditions of this Agreement, or in aid of the exercise of any power or right granted in this Agreement and/or as a creditor.

The Borrower shall pay on demand to the Lender the costs incurred by the Lender on attorney/advocate in connection with the preparation, engrossment and stamping and execution of these presents in original and of any guarantee, incurred or to be incurred by the Lender in connection herewith or for the recovery of Said Dues and of all suits and proceedings or whatsoever nature for the recovery of Said Dues or otherwise in connection herewith.

Further, the Borrower expressly recognises 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 receiving the amounts due, and generally performing all lawful acts as the third party may consider appropriate for such purposes.

10.9 Dispute Resolution and Governing Law

This Agreement shall be governed and be subject to the laws of India. If any suit, action or other proceeding is required to be taken in respect of these presents, the same shall be instituted and tried in the courts in the city where the branch of the Lender are stated in this Agreement is situated; it being the intention of the parties to select the courts in such city exclusively by exercising their right or forum selection.

9.10 Changes, Waivers, etc

No amendment of any term or provision hereof shall be effective unless made in writing and signed by both parties hereto.

9.11 Notices

Any communication to be made under or in connection with this Agreement or any notice or demand hereunder shall be in writing and if to be given to the Borrower at the address mentioned below, to be signed by the Lender through any of its officers and may be made by leaving the same or sending it through the post addressed to the Borrower at the address specified herein below or the address last known to the Lender; and a notice or demand so given or made shall be deemed to be given or made on the day it was so left or, as the case may be, two (2) business day following that on which it was so posted, and shall be effectual notwithstanding that the same may be returned undelivered and notwithstanding the Borrower's change of address. And in case of the Lender such notice is to be given at the Lender's office at the address mentioned below and will be deemed to be given when received by the Lender.

If to the Borrower:

Address:

Fax:

Email:

Attn:

If to the Lender:

Address:

Fax:

Email:

Attn:

9.12 Others

The Borrowers hereby agree to accept as conclusive proof of the correctness of any sum claimed by the Lender to be due from the Borrower in respect of the said Credit Facilities and Said Dues, a statement of account made out from the books of the Lender and signed by the officer of the Lender, without production of any voucher, documents or other papers.

The schedule hereto shall be deemed to be the part of this Agreement as though the provision thereof were set out herein in.

IN WITNESS WHEREOF the parties have executed these presents on the _____ day of _____ 20____ in the manner stated below.

The Common seal of _____ Ltd., has been hereunto affixed pursuant to a Resolution of its Board of Directors passed at a meeting held on _____ in the presence of _____ and _____ who have Signed these presents in token thereof

(Signature)

AND

Signed and delivered by _____ of the Lender.

(Signature)

Schedule I

1. Description of Security

A. Land & Building

B. Plant & Machinery

C. Current Assets