

(To be stamped as indemnity)

**INDEMNITY CUM GUARANTEE
FOR PURCHASE BILL DISCOUNTING/ DRAWEE BILL DISCOUNTING**

BY

_____**Insert the name of the Borrower**_____

IN FAVOUR OF

THE SOUTH INDIAN BANK LTD

Amount	Rs.
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This forms part of the Indemnity Cum Guarantee Agreement for Purchase Bill Discounting/
Drawee Bill Discounting executed by _____**Insert the name of the Borrower**_____ in favour
of **The South Indian Bank Ltd.** dated _____

Borrower

THIS AGREEMENT is made at the place and date as specified in Schedule I (a) **BY** such persons, whose name(s) and address(es) are as specified in Schedule I (b) (hereinafter referred to as the "**Borrower**" and/ or the "**Applicant**" which expression shall unless repugnant to the context or meaning thereof include its successors and assigns and all persons deriving/ claiming title there under) **IN FAVOUR OF** The South Indian Bank Ltd, a banking company incorporated under the Companies Act, 1913 and having its Registered Office at "SIB House", T.B. Road, Mission Quarters, Thrissur and one of its Branch Offices at the place specified in Schedule I (c) (hereinafter referred to as the "**Bank**" which expression shall unless repugnant to the context or meaning thereof include its successors and assigns)

WHEREAS, the Borrower is engaged in the business more specifically stated under Schedule I (d) hereunder and the Borrower in the course of and for the purpose of the business, place order/s with person/s, firms, companies, Societies etc., whom the Borrower may specify to the Bank from time to time as the Seller/s, for the purchase of raw material, goods etc. for business purposes of the Borrower on deferred payment terms.

AND WHEREAS, The suppliers of raw materials, goods etc. to the Borrower on deferred payment terms, have agreed to supply the same accepting payment by way of a Usance Bill of Exchange drawn on and accepted by the Borrower.

The Borrower has requested the Bank, to discount such Usance Bills accepted by the Borrower, for an amount not exceeding in the aggregate of the sum specified hereunder as Schedule I (e) of this Agreement at any one time and credit the bill amount less discount/ commission/ Charges due to the Bank, to the account of the respective supplier/s, maintained with the various branches of the Bank or make payment by way of Demand Draft favouring beneficiary Bank or through RTGS.

NOW THIS AGREEMENT TO INDEMNIFY AND GUARANTEE WITNESSETH AS FOLLOWS:

ARTICLE I DEFINITIONS

In this Agreement and the General Terms and Conditions, unless there is anything repugnant to the subject or context thereof, the expressions listed below shall have the following meanings viz.:

"**Borrower** " means the person(s) defined under Section 2.1 of the General Terms and Conditions and specifically named in Schedule I (b) of this Agreement.

"**Applicant**" means the "Borrower" as defined under Section 2.1 of the General Terms and Conditions and specifically named in Schedule I (b) of this Agreement.

"**General Terms and Conditions**" means The South Indian Bank Ltd.'s General Terms and Conditions for Credit Facilities duly registered on the 5th day of March, 2012, with the Sub-Registrar of Assurances-III, Delhi/ New Delhi vide registration No.340 in Book No.4, Vol.No.4,257 from pages 1 to 29, as is applicable to the Credit Facility availed/ to be availed from the Bank, a copy of which is also available on the website of the Bank.

All capitalised terms used but not defined in this Agreement shall have the respective meanings assigned to them under the General Terms and Conditions.

**ARTICLE II
TERMS OF THE FACILITY**

2.1 PREAMBLE

The preamble portion of this agreement shall be deemed to be an integral part of this agreement.

2.2 GENERAL TERMS AND CONDITIONS

The General Terms and Conditions shall be deemed to form part of this Agreement and shall be read as if they are specifically incorporated herein and to the extent of any inconsistency or repugnancy, the contents of this Agreement shall prevail over the General Terms and conditions for all intents and purposes. The Borrower confirms having accessed the General Terms and Conditions on the website of the Bank and/ or having received a copy of the General Terms and Conditions and confirms having read and understood the General Conditions. The Borrower specifically agrees to the General Terms and Conditions set out therein, as is applicable to the facility granted/ being granted to the borrower.

2.3 BASIS OF AGREEMENT

The Borrower's Application and subsequent correspondence if any, with the Bank (hereinafter collectively referred to as "the Borrower's proposals") and Bank's sanction intimation letter referred to in Schedule I (e) hereunder shall be deemed to constitute the basis of this Agreement and of the credit facilities.

2.4 TERMS OF THE AGREEMENT

It is hereby agreed that:

- a) the Borrower will accept and present to the Bank for negotiation, only the bonafide Usance Bill/s arising out of its business in the ordinary course and which are drawn on it by the supplier/s of the raw materials, goods etc.
- b) the Borrower will furnish to the Bank, the specimen signature of their authorized signatories, who are empowered to accept the Usance Bill drawn on it by its suppliers and the Usance bill/s accepted by the authorized signatories of the Borrower is binding on the Borrower.
- c) the branch stated in Schedule I (f) hereunder shall discount all Usance Bill accepted by the Borrower on behalf of the Bank, irrespective of the branch/ Bank, where the suppliers are maintaining their account.
- d) the overall limit for discounting the Usance Bills accepted by the Borrower is the amount not exceeding in the aggregate the sum specified under Schedule I (e) of this agreement, at any one time.
- e) the Bank has got the absolute discretion to refuse to discount any of the Usance Bill presented by the Borrower or its supplier/s for negotiation, without assigning any reason whatsoever for such refusal and further Bank may at its sole discretion, treat the limit under the facility as cancelled and recall and recover all outstanding liability at any time from the Borrower.
- f) in the event of Borrower defaulting payment of any of the Usance bill discounted by the Bank on its due date, Bank has got the absolute discretion but without any obligation, to treat as due for payment, the entire Usance Bill discounted till that date and outstanding for payment, irrespective of the fact that the due date for payment of such Usance Bill/s are not over.
- g) the Bank in its absolute discretion is entitled to recover the amount due under the Usance Bill/s discounted by it as aforesaid, against the Borrower, without proceeding against the Supplier/s, the drawer/s of the Usance Bill/s.

h) any dispute between the Borrower and its supplier/s (drawer of the Usance bill) discounted by the Bank, shall in no way effect the liability of the Borrower from making payment and retiring the Usance Bill/s on respective due date/s.

i) any correspondence or notice issued to the parties by Registered Post in the address specified in Schedule I (b) hereunder shall be assumed to have reached the addressee in the course of post and treated as valid service of the same.

j) the period of limitation of this deed shall commence to run only when a final demand in writing is made by the Bank on the Borrower, in respect of the all the Usance Bill/s discounted as aforesaid by Bank and outstanding for payment.

k) any change in the constitution or insolvency of the Borrower or its supplier/s (drawer of the Usance bill) shall in no way effect their obligation and liability under this Indemnity cum guarantee agreement.

l) Notwithstanding anything contained in this agreement or in any other agreement executed or to be executed by the Borrower in favour of the Bank, the Borrower agrees to pay to the Bank on demand being made by the Bank the balances then outstanding and owing to the Bank under the aforesaid credit facilities, inclusive of all interest up to the date of payment, together with any service charges, commitment charges, commission, discount, costs, charges and expenses and all other moneys debited or which may be debited to the account(s).

2.5 AUTHORITY TO THE BANK

a) The Borrower hereby authorizes the Bank to discount the Usance Bill/s presented to it by the Borrower and credit the proceeds less the discount/ commission/ charges due to the Bank, to the respective accounts held by the supplier/s with various branches of the Bank.

b) In case there is no account of the beneficiary with the Bank, the Bank may send to proceeds by way of Demand Draft favouring beneficiary Bank or through Real Time Gross Settlement (RTGS).

2.6 UNDERTAKING BY THE BORROWER

Borrower hereby undertakes to the Bank that the Usance Bill discounted by the Bank as aforesaid will be paid and retired promptly on due date without any demur and without any obligation on the part of the Bank to make a demand on it in writing on the due date of the Usance Bill and/or on the supplier/s to whom the proceeds of the Usance Bill was credited.

2.7 INTEREST PAYABLE AND OTHER CHARGES

a) The Borrower agrees to pay interest on the Bills discounted by the Bank at the rate mentioned in Schedule II hereunder with the rests specified therein.

b) The Borrower agrees that the bank shall be entitled to charge commission, interest and other incidental charges at such rate as the Bank may charge for this kind of advance in its regular/usual course of business in accordance with RBI directives, if any, from time to time or as decided by the bank from time to time. The Borrower specifically agrees that the Usance bills tendered by him and purchased by the bank will be paid and retired promptly on the due date and in the event of any such hundi becoming unpaid the Borrower specifically agrees to effect payment of the same immediately on notice being given to him therefore. In the event of failure to effect payment on demand, the Borrower agrees to pay interest UPTO BANK'S BASE RATE (BR) PLUS THE MAXIMUM OF CUSTOMER SPECIFIC CHARGES (SPREAD), compounded with monthly rests or at such lending rate or rests that the bank determine to charge from time to time in terms of directives of RBI or otherwise at its discretion from the due dates of such usance bill(s). Interest calculated at monthly rest or such other rest as may be decided by the Bank as per the directives of RBI shall form part

of principal. The Borrower also agrees to pay penal interest @ 2% p.a. or such other rate fixed by the Bank and/or RBI, over and above the interest mentioned hereinabove.

2.8 INDEMNITY

a) The Borrower hereby specifically agrees forever to indemnify and save harmless the Bank from and against any and all claims, damage or damages and/or loss or losses and/or action or actions of any kind, in respect of Usance Bill/s drawn on and accepted by it and discounted by Bank as aforesaid.

b) It is hereby agreed that giving or granting of time or any extension thereof to the Borrower or the neglect or omission or forbearance on the part of the Bank in requiring or enforcing payment of any moneys due hereunder or any other variations, modifications or amendments between the Borrower and the Bank shall not in anyway prejudice, limit, restrict or affect this indemnity.

c) This Indemnity shall be irrevocable, continuing and shall be operative and be in force till all the Usance bill/s drawn on and accepted by the Borrower and discounted by the Bank are fully paid by the Borrower or until all the sum payable by the Borrower to the Bank, by the reason of the Bank honouring and discharging all the obligations in respect of and in relation to Usance Bill/s accepted by the Borrower and all the monies towards interest, commission, charges, expenses as already referred to above are fully paid by the Borrower to the Bank.

d) It is hereby agreed that the execution of this Indemnity cum guarantee agreement shall in no way effect or waive the rights available to the Bank and the obligation on the Borrower, under the Negotiable Instruments Act.

2.9 SPECIAL CONDITIONS

In addition to the other terms and conditions stated in this Agreement, the General Conditions and the other Transaction Documents, the Borrower shall also comply with the terms and conditions specified in Schedule III hereto.

ARTICLE III

MISCELLANEOUS

3.1 INTERPRETATIONS AND CONSTRUCTION OF THE AGREEMENT

For the purposes of interpretation and construction of this agreement:

- a) Words importing one gender include the other;
- b) Words importing the singular or plural number include the plural and singular numbers respectively;
- c) Any schedule, and the provision and conditions contained in such schedule will have the same effect as if set out in the body of the agreement. In the event of any conflict between the Schedule and the body of this agreement, the provisions and conditions in the Schedule of this agreement will prevail.
- d) The Section Headings or Chapter Headings used in this Agreement are intended for convenience only and shall not be used in interpreting this agreement or in determining any of the rights/ obligations of the parties to the Agreement.

3.2 SEVERABILITY OF PROVISIONS

The Borrower agrees that except as otherwise provided herein, if any provisions of this agreement shall be held by a Court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions and clauses shall remain in full force and effect.

3.3 WAIVER OF RIGHTS INCONSISTENT TO THE AGREEMENT

The Borrower(s)/ Applicant(s) hereby further waive all his/ her/their rights inconsistent herewith which the Borrower(s)/ Applicant(s) may otherwise be entitled to claim and enforce in respect thereof.

3.4 VALIDITY OF THE AGREEMENT

This agreement shall be valid and binding on the Borrower till the ultimate balance with interest thereon to become payable upon the said loan account including all moneys lent, advanced, paid or incurred together with interest, discount, commission and other banking charges as fixed by the bank from time to time and other costs, charges and expenses which may become payable in connection therewith.

BORROWER/S

SCHEDULE – I

a.	Date and Place of Agreement	
b.	Details of the Borrower(s)	
	Name of the Borrower(s)	
	Constitution of the Borrower(s)	
	PAN/ TAN/ CIN of the Borrower	
	Name(s) of the signatories/ 7authorized signatory(ies)	
	Address of the Borrower	
	Fax No/s.	
	E-mail id	
	Phone No/s.	
	Attn: Mr./Ms.	
c.	Details of the Branch	
	Place of the Branch	
	Address of the Branch	
	Fax No/s.	
	E-mail id	
	Phone No/s.	
d.	Business of the Borrower	
e.	Details of facility	
	Date of Sanction letter (LD 1100/ 1100A)	
	Nature of loan	
	Amount of facility (in figures)	
	Amount of facility (in words)	
f.	Name and address of the Branch designated to discount the Usance Bill/s	

SCHEDULE – II**Applicable Rate of Interest**

The Applicable Rate of interest for the facility is as follows:

BASE RATE	SPREAD	EFFECTIVE RATE OF INTEREST (A + B)	Rest
(A)	(B)	(C)	(D)

LD/ 2272

SCHEDULE - III
SPECIAL CONDITIONS

BORROWER/s