

GENERAL TERMS AND CONDITIONS
AS APPLICABLE TO CREDIT FACILITIES OF
THE SOUTH INDIAN BANK LTD.

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ARTICLE I

APPLICABILITY

Section 1.1 – APPLICABILITY OF GENERAL TERMS AND CONDITIONS

These **General Terms and Conditions** shall, if the respective Agreement for Credit Facility so provides, be applicable to the Facility provided / agreed to be provided by The South Indian Bank Ltd.

Section 1.2 – INCONSISTENCY

If there is any inconsistency between the General Terms and Conditions and the applicable Credit Facility Agreement, the Credit Facility Agreement will prevail.

ARTICLE II
DEFINITIONS AND CONSTRUCTION

Section 2.1 - DEFINITIONS

In the Credit Facility 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.:

“Bank” means The South Indian Bank Ltd, a banking company within the meaning of Companies Act, 1956 having its registered office at “SIB House”, T.B.Road, Mission Quarters, Thrissur, Kerala State and its branches/offices all over India.

“Borrower” means the person(s) named in the Credit Facility Agreement; the expression “Borrower” shall, unless it be repugnant to the subject or as the context may permit or require, include;

- (a) in the case of a company / society /associations/ body corporate, its successors and permitted assigns;
- (b) in the case of a partnership firm, any or each of the partners and survivor(s) of them and the partners from time to time (both in their personal capacity and as partners of the firm) and their respective heirs, legal representatives, executors, administrators and permitted assigns, successors of the firm;
- (c) in the case of a proprietary concern, the proprietor /proprietress (both in his / her personal capacity and as proprietor / proprietress of the concern) and his / her their respective heirs, legal representatives, executors, administrators and permitted assigns, successors of the concern;
- (d) in the case of a HUF, the Karta of the HUF and any or each of the adult members / coparceners of the HUF and the survivor(s) of them and their respective heirs, legal representatives, executors, administrators and permitted assigns, successors;
- (e) in the case of an individual, his / her / their respective heirs, legal representatives, executors, administrators and permitted assigns;
- (f) in the case of a trust with individuals as trustees, the trustee(s) for the time being, the beneficiaries, its successors and permitted assigns.

“BPLR” means Bank’s Benchmark Prime Lending Rate fixed by the Bank from time to time.

“Business Day” means a day on which the Bank is open for normal business transactions.

“Commitment Charges” means:-

- (i) the charges payable to the Bank by the Borrower for the unavailed portion of fund based credit facilities irrespective of whether drawing power upto the maximum sanctioned limits is available or not.
- (ii) the charges payable to the Bank by the Borrower in respect of non-fund based facility as specified in the sanction letter or revised from time to time.

“Credit Facility Agreement” means the particular Credit Facility Agreement executed or to be executed by the

Borrower in favour of the Bank in respect of the Facilities and includes the General Terms and Conditions as applied thereto and as may be modified from time to time, Sanction Letter and all schedules, supplements, modifications, novations, deed(s) of accession and amendments to such Credit Facility Agreement. Unless the term 'General Terms and Conditions' and the 'Sanction Letter' are used separately, the term 'Credit Facility Agreement', wherever used in the Credit Facility Agreement or the General Terms and Conditions or 'Sanction Letter', shall be deemed to refer to the Credit Facility Agreement read together with and including the General Terms and Conditions and the Sanction Letter.

"Drawing Power" in connection with the relevant Facilities, means the drawing power of the Borrower to make draws from time to time under each of such Facilities upto the amount of respective Limits but not exceeding the value of the current assets, if any, provided as security to the Bank for such of the Facilities as drawn by the Borrower less the corresponding Margin.

"Due Date" means, the amount payable under the respective Credit Facility Agreement and/or any other Transaction Documents - the date on which such amount falls due in terms of the respective Credit Facility Agreement and/or any other Transaction Documents or such other dates on which any amounts including principal, interest or other monies, fall due in terms of the Credit Facility Agreement and/or any other Transaction Documents . Wherever the context so require the term 'due date' shall also include the respective date(s) for submission of various returns, statements, credit report for renewal of limit etc.

"EMI" means equated monthly instalments of amounts payable by the Borrower to the Bank in respect of the Facility and comprising of principal amount of the Facility and interest thereon.

"Event of Default" means any of the Events of Default specified in Article VIII hereof.

"Facility" shall mean the Credit Facility and/or Loan and/or any other arrangement, whether fund based or non-fund based granted or agreed to be granted by the Bank to the Borrower.

'Effective Rate of Interest' means the aggregate of BPLR, TP and Spread.

"Floor Rate of Interest" wherever fixed means the minimum rate below which the rate of interest shall not fall under any circumstances.

"Indebtedness" means any indebtedness whatsoever of the Borrower at any time for or in respect of monies borrowed, contracted or raised (whether or not for cash consideration) or liabilities contracted by whatever means (including under guarantees, indemnities, acceptance, credits, deposits, hire-purchase and leasing).

"Intellectual Property" means all patents, trademarks, permits, service marks, brands, trade names, trade secrets, proprietary information and knowledge, technology, computer programs, databases, copyrights, licences, franchises, formulae, designs, rights of confidential information and all other intellectual property.

"Intellectual Property Rights" mean all rights, benefits, title or interest in or to any Intellectual Property, anywhere in the world (whether registered or not and including all applications for the same).

"Interest Payment Date" means at any relevant time, the date(s) of payment of interest as set out in the Credit Facility Agreement, or such other date(s) as may be specified by the Bank.

"LIBOR" means the **London Interbank Offered Rate** the rate at which major London banks offer to lend funds to other banks.

"Maximum Lending Rate" means the aggregate of BPLR, T.P. (wherever applicable) and Maximum Spread with applicable rests equivalent to the percentage rate or such other rate of interest as may be specified by the Bank from time to time as its Maximum Lending Rate.

"Material Adverse Effect" means the effect or consequence of any event or circumstance which is or is likely to be:

- (a) adverse to the ability of the Borrower or any person to perform or comply with any of their respective obligations under the Credit Facility Agreement or any Transaction Document in accordance with their respective terms; or

- (b) prejudicial to any of the businesses, operations or financial condition of the Borrower or of any person who is party to any Transaction Document.

"MIBOR" means Mumbai Inter Bank Offered Rate and is the rate of interest at which banks borrow funds from other banks, in marketable size, in the Mumbai inter bank market.

"Project" the Borrower's project described in the application for credit facility submitted to the Bank by the Borrower

"Project Documents" include all agreements, deeds, instruments, writings and other documents executed or entered into, or to be executed or entered into, by the Borrower, or by any person in its favour, in relation or pertaining to the project.

"Purpose" means the purpose for which the respective Credit Facility is agreed to be provided / provided to the Borrower and as more specifically set out in the Sanction Letter and/or Credit Facility Agreement.

"RBI" means Reserve Bank of India.

"Sanction Letter" means the letter by which the Borrower and Guarantor(s) are informed by the Bank as to the terms and conditions of the Credit Facility applied for and referred to in the Credit Facility Agreement in connection with sanction of the Facilities. The Sanction Letter shall be read in conjunction with the provisions of the Credit Facility Agreement and shall form an integral part of the Credit Facility Agreement. To the extent of any inconsistency or repugnancy, the contents of the Credit Facility Agreement shall prevail to all intents and purposes. The expression "Sanction Letter" shall include all amendments to the Sanction Letter.

"Security Cover" means the ratio of the aggregate value (as per its most recent audited accounts) of the Borrower's gross fixed assets and capital work in progress as reduced by all intangible assets and accumulated depreciation (including un-provided depreciation, if any), and as further reduced by the Borrower's net fixed assets excluded from the purview of the security for the Facility, to all Indebtedness (as per its most recent audited accounts) having a charge over the fixed assets of the Borrower. Revaluation of assets would not be taken into account for determining the Security Cover.

'Spread' means the applicable rate above BPLR of the Bank and if the credit facility carries interest below BPLR, the spread is indicated as (-) minus.

"Term Premium or "TP" means the percentage rate per annum for appropriate maturity and / or reset period decided by the Bank from time to time and announced by the Bank from time to time as its term premium rate.

"Transaction Documents" - include the Sanction Letter in relation to the respective Credit Facility issued by the Bank, the Credit Facility Agreement, these General Terms and Conditions, and all agreements, instruments, undertakings, indentures, deeds, writings and other documents (whether financing, security or otherwise) executed or entered into, or to be executed or entered into, by the Borrower or, as the case may be, the related person, in relation, or pertaining, to the transactions contemplated by, or under the Credit Facility Agreement or any Transaction Document, and each such Transaction Document as amended from time to time.

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

Section 2.2 - CONSTRUCTION

In the Credit Facility Agreement, unless the contrary intention appears :-

- (a) a reference to:

"amendment" includes a supplement, modification, novation, deed of accession, replacement or re-enactment and "amended" is to be construed accordingly;

"assets" include all properties whatsoever, both present and future, (whether tangible, intangible or otherwise) (including Intellectual Property and Intellectual Property Rights), investments, cash-flows, revenues, rights, benefits, interests and title of every description;

"authorisation" includes an authorisation, consent, clearance, approval, permission, resolution, licence, exemption, filing and registration;

“control” includes the power to direct the management and policies of an entity, whether through the ownership of voting capital, by contract or otherwise;

“encumbrance” includes a mortgage, charge, lien of any description whatsoever, (statutory or otherwise), pledge, negative pledge, negative lien, hypothecation, assignment, deposit and/or escrow arrangements, comforts, preference, priority or other security agreement / interest of any kind or nature whatsoever including, without limitation, (i) any conditional sale or title retention agreements, any financing or similar statement or notice filed under any recording or notice statute, and any lease having substantially the same effect as any of the foregoing, and (ii) any designation of loss payees or beneficiaries or any similar arrangement under any insurance contract.

“person” includes an individual, body corporate, corporation, partnership, Hindu Undivided Family (HUF), joint venture, association of persons, trust, unincorporated organisation, government (central, state or otherwise), sovereign state, or any agency, department, authority or political subdivision thereof, international organisation, agency or authority (in each case, whether or not having separate legal personality) and shall include their respective successors and assigns and in case of an individual shall include his legal representatives, administrators, executors and heirs and in case of a trust shall include the trustee or the trustees for the time being.

“law” includes any constitution, statute, law, rule, regulation, ordinance, judgement, order, decree, authorisation, or any published directive, guideline, requirement or governmental restriction having the force of law, or any determination by, or interpretation of any of the foregoing by, any judicial authority, whether in effect as of the date of the Credit Facility Agreement or thereafter and each as amended from time to time.

“related person” means the security provider and/or such other person who has/have executed / furnished the respective Transaction Documents in favour of the Bank in relation, or pertaining, to the transactions contemplated by, or under the respective Transaction Documents.

“repayment” includes "redemption" and vice-versa and repaid, repayable, repay, redeemed, redeemable and redemption shall be construed accordingly.

- (a) a reference to a Sub-clause, Section or a Schedule of the Credit Facility Agreement or the General Terms and Conditions shall denote a reference to such Sub-clause, Section or Schedule as specified, of the Credit Facility Agreement or the General Terms and Conditions;
- (b) the singular includes the plural (and vice versa);
- (c) the index to and the headings in the Credit Facility Agreement are inserted for convenience of reference only and are to be ignored in construing and interpreting the Credit Facility Agreement;
- (d) reference to the words “include” or “including” shall be construed without limitation;
- (e) reference to a gender shall include references to the female, male and neuter genders;
- (f) all approvals, permissions, waivers, consents, confirmations or acceptance required from the Bank for any matter shall require the “prior”, “written” approval, permission, consent or acceptance of the Bank;
- (g) the words ‘hereof’, ‘herein’, and ‘hereto’ and words of similar import when used with reference to a specific Section or Sub-clause in, or Schedule to, the Credit Facility Agreement or the General Terms and Conditions shall refer to such Section or Sub-clause in, or Schedule to, the Credit Facility Agreement or as the case may be, the General Terms and Conditions, and when used otherwise than in connection with specific Sections, Sub-clauses or Schedules, shall refer to the Credit Facility Agreement as a whole;
- (h) in the event of any disagreement or dispute between the Bank and the Borrower regarding the occurrence, determination and/or materiality of any matter including of any event, occurrence, circumstance, change, fact, information, document, authorisation, proceeding, act, omission, claims, breach, default or otherwise, the opinion of the Bank as to the materiality, occurrence or determination of any of the foregoing shall be final and binding on the Borrower.

ARTICLE III

TERMS OF FACILITY, DISBURSEMENT, INTEREST, OTHER CHARGES AND REPAYMENT

3.1 TERMS OF FACILITY

- i) The Bank may, on such terms and conditions as the Bank may deem fit, agree to the Borrower's request for enhancement or decrease in the Overall Limits / respective Limits.

- ii) The Bank may grant / extend to the Borrower all or some or any of the Facilities, in part or whole, from any one or more branch(es) / office(s) of the Bank, subject to the Borrower complying with the provisions of the Transaction Documents and such conditions as may be stipulated by the Bank from time to time.
- iii) The working capital credit facility granted to the Borrower shall be for a period of twelve months and is subject to periodic review in between, when it may be cancelled / reduced depending upon the conduct and utilization of the advance; but the Bank will have absolute discretion and liberty to extend the period/renew/enhance further, as the Bank may deem fit. In the event of the Bank allowing operation of the account after the expiry of twelve months, with or without any written request, the borrower shall be liable to repay the ultimate balance outstanding in the account.
- iv) The Borrower shall, if so required, open cash credit account(s) or other account(s) (the "Account", which expression shall mean any or each of such account(s), as the context may permit or require) at the branch(es) of the Bank as is specified in the Sanction Letter or such other branch as may be intimated to the Borrower by the Bank from time to time, for availing the Facilities upto the respective Limits.
- v) The Borrower shall furnish security, guarantee etc. as stipulated in the sanction letter of the Bank and as demanded by the Bank from time to time. The Borrower also agrees that the security offered for one facility shall be additional security for all other credit facilities. The Bank shall have absolute right to decide whether or not it will accept security for the purpose of any/some/all of the aforesaid credit facilities any goods, book-debts, movables and other assets offered to the Bank from time to time by the Borrower. The Bank shall be at liberty at its sole and absolute discretion at any time without previous notice and without assigning any reasons whatsoever to cease to accept the security from the Borrower and/or to cease make advance there against.
- vi) The Borrower shall, if so required by the Bank, maintain such margin(s) (the Margin") in respect of the Facilities as are specified in the Sanction Letter, during the subsistence of the Facilities. The Bank shall be entitled to, at its sole discretion, vary the Margin and the Borrower shall thereafter be bound to maintain such Margin notwithstanding any Margin earlier agreed.
- vii) In the event any monies are remaining due and payable by the Borrower to the Bank, under the Transaction Documents or otherwise, the Bank may, at its sole discretion, reduce the availability of the amounts of the Overall Limits and / or adjust such monies against the respective available Limits and all such adjustments shall be treated as drawals by the Borrower.
- viii) If the Due Date in respect of any amount payable under the Facilities falls on a day which is not a Business Day at the place where the payment is to be made, the immediately preceding Business Day shall be the Due Date for such payment.
- ix) Unless otherwise specified in the Credit Facility Agreement, all monies payable by the Borrower to the Bank shall be paid into the relevant Account through which the Borrower was allowed the operation of the Facilities or to such other account(s) as the Bank may notify to the Borrower by cash, telegraphic, telex, electronic fund transfer, mail transfer or by cheque /bank draft drawn in favour of the Bank on a scheduled bank and shall be so paid as to enable the Bank to realise, at par, the amount on or before the relative Due Date. Credit for all payments by cheque / bank draft will be given only on realization.
- x) The Borrower shall route all its Banking business, including deferred payment facilities, foreign exchange, deposits and bill business through the Bank, unless otherwise permitted by the Bank in writing. The Borrower shall exclusively bank with the Bank unless otherwise permitted by the Bank in writing.
- xi) Notwithstanding anything contained in the Transaction Document or elsewhere, the Borrower shall pay to the Bank on demand being made by the Bank the balances then outstanding and owing to the Bank under the 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 respective accounts.

Section 3.2 - TERMS OF DISBURSEMENT

- i) Subject to the compliance of the terms and conditions of the Transaction Documents, the Facilities may be drawn out of the Account from time to time / disbursed in installments and the Facilities shall be utilised by the Borrower exclusively for the Purpose. The Bank may, at the request of the Borrower, make / allow disbursements / drawals under the Facilities by cheques / pay orders / authorizations and / or by issuance of BGs and / or LCs and / or coacceptance / acceptance of Bills by the Bank.

The Borrower shall not raise any claims against the Bank of any nature and for any reason whatsoever.

- ii) The Bank is under no obligation to disburse the credit facilities on the same day of execution of loan/security documents/agreements by the Borrower and the Borrower agrees that Bank may disburse the credit facilities on any day which is subsequent to the date of execution of documents after satisfactory completion of all internal procedures of the Bank and compliance of all the requirements by the Borrower.
- iii) The Borrower shall at all times confine the drawals out of the relevant Facilities within the respective Drawing Power. Provided, however, the Bank may at the specific request of the Borrower and at its own discretion, allow drawals beyond such Drawing Power for such period as may be permitted by the Bank. Provided, further, the grant of such excess drawings to the Borrower shall be liable to be suspended / discontinued / revoked by the Bank without any notice to the Borrower. The Borrower shall repay all such excess drawings on demand unless otherwise specified by the Bank. Till repayment of such excess drawings, the excess drawn amounts shall carry interest at the default interest rate specified in the Transaction Documents. All the provisions of the Transaction Documents and all securities created, if any, pursuant to the Facility Agreement will extend to cover such excess drawings.

Section 3.3 - ADJUSTMENT OF OVERDUES

The Bank may at its sole discretion deduct from sums to be lent or advanced to the Borrower any monies then remaining due and payable by the Borrower to the Bank, whether under the Credit Facility Agreement or otherwise.

Section 3.4 - INTEREST

- i) The Borrower shall pay interest at the rates mentioned in the respective agreements executed by the Borrower as applicable to the respective credit facility(ies).
- ii) Interest specified in the Sanction Letter or any other provision in the Transaction Documents will be computed from the respective date of drawal and shall become payable upon the footing of compound interest with monthly rests or such other rests as may be prescribed by the Bank from time to time.
- iii) Interest on the outstanding amounts under the Facilities / discount or other charges when debited to the relevant Account by the Bank, shall be calculated on the daily debit balance of such Account. In the event of remittance being made into the account after the normal business hours (i.e. beyond 4 hours from the commencement of business hours), but within the extended business hours, the Bank will have the discretion to value date such remittance on the next succeeding business day for the purpose of calculation of interest.
- iv) Interest, commission, discount and all other charges shall accrue from day to day and shall be computed on the basis of 365 days a year for rupee Facilities and 360 days for foreign currency Facilities, and the actual number of days elapsed.
- v) The Bank shall at any time by publication in the Notice Board of the concerned branch of the Bank/Newspaper/Website be entitled to charge interest at such higher effective rate or rests than the rate and rest mentioned in the respective agreements for credit facility(ies), whether on account of revision of Bank's BPLR, T.P. and / or spread or otherwise, in accordance with the rate and/or rest revised or varied by the bank. Provided further that the interest payable by the Borrower shall also be subject to the changes in the interest rates made by Reserve Bank of India from time to time. The Borrower specifically waives notice of variation of any change in the interest rate/rest and notice published in Bank's Notice Board/Web Site of the Bank or entry regarding debit of interest in the statement of account shall be deemed to be sufficient notice of variation in rate of interest/rest to the Borrower. Without prejudice to the above, the Bank will also have the right to charge and the Borrower will remain liable to pay interest up to the maximum extent of Bank's BPLR plus T.P. (wherever applicable) plus maximum spread with monthly rests or such other rests fixed by RBI and/or the Bank in addition to penal interest at such rate as may be prescribed by the Bank and/or the Reserve Bank of India, from time to time, in case the borrower violates any of the terms and conditions contained herein as well as

those embodied in the agreement for respective credit facility and/or for becoming the account irregular/out of order/Non Performing Asset and/or the credit rating of the Borrower is downgraded or on account of changes in risk weight stipulated by RBI or on any other circumstances, as the Bank may deem fit and necessary, provided that the charging or payment of such enhanced/additional rate of interest shall be without prejudice to other rights and remedies of the Bank. The rate of interest mentioned in the Demand Promissory Note (if any), Transaction Document etc. is the present Effective Rate of Interest (ERI) and the same may be revised as stipulated hereinabove.

- vi) In the event of default by the Borrower in repayment / payment of the principal amount of the Facility and interest thereon and any other monies in accordance with the terms of the Credit Facility Agreement and/or the other Transaction Documents, the Borrower shall pay interest on such defaulted amounts at the Maximum Lending Rate or at the Applicable Interest Rate(s), whichever is higher, or at such other rate as may be specified by the Bank from time to time, from the respective Due Dates till the date of repayment / payment thereof to the satisfaction of the Bank; Such default interest shall become payable upon the footing of compound interest with monthly rests.
- vii) The Borrower shall pay penal interest on excess drawings, irregularity, delay in submission of audited accounts, other statements/reports required by the Bank etc. at the rate/s specified in the respective Credit Facility Agreement or such other rate as may be specified by the Bank from time to time, from the respective date/s of default till the default is remedied.
- viii) The principal amount under the respective Facilities shall always include and/or shall deem to and include also the interest calculated and debited to the loan account with rests mentioned in the respective agreements for credit facilities as well as all other charges, costs etc. debited in the account of the Borrower from time to time cumulatively.

Section 3.5 - IMPOSTS, COSTS AND CHARGES

- i) The Borrower shall bear all taxes (including service tax), other imposts, costs, charges, fees and duties including stamp duty and relevant registration and filing charges in connection with the Transaction Documents, as may be levied from time to time by the Government or other authority including those incurred by the Bank, in accordance with the laws for the time being in force in respect of or in connection with the Facilities, and the Transaction Documents. In the event of the Borrower failing to pay the monies referred to above, the Bank shall be at liberty, but shall not be obliged, to pay the same. The Borrower shall reimburse all sums paid by the Bank in accordance with the provisions contained herein.
- ii) The Borrower shall pay all costs, charges (including legal fees, cost of investigation of title to the Borrower's assets and protection of the Bank's interest) and expenses in any way incurred by the Bank and such stamp duty, other duties, taxes, charges and penalties if and when the Borrower is required to pay according to the laws for the time being in force.
- iii) In the event of the Borrower failing to pay the monies referred to in sub-clause (i) and (ii) above, the Bank will be at liberty (but shall not be obliged) to pay the same. The Borrower shall reimburse all sums paid by the Bank in accordance with the provisions contained herein.

Section 3.6 - PREMATURE REPAYMENT

The Borrower shall not, without the approval of the Bank (which approval may be given subject to such terms and conditions as may be stipulated by the Bank including payment of prepayment or early closure charges), prepay the outstanding amounts of the Facility in full or in part, before the Due Dates.

Section 3.7 - DUE DATE OF PAYMENT

If the Due Date in respect of an installment of the principal amount of the Facility, interest, front end fee or any other payment falls on a day which is not a Business Day at the place where the payment is to be made, the immediately preceding Business Day shall be the Due Date for such payment.

Section 3.8 - REIMBURSEMENT OF EXPENSES

The Borrower shall pay all the charges/fees mentioned in Bank's respective sanction letter. Borrower shall also reimburse to the Bank all charges for legal scrutiny of title deeds, expenses incurred for valuation of

property/assets offered as security to the Bank, inspection of stock/security, unit visit, obtention of Search Reports / Encumbrance Certificate from Registrar of Assurances, obtention of search reports from Registrar of Companies, filing of charges/modification/satisfaction of charges with Registrar of Companies etc. The Borrower waives specific notice in respect of any such charges or revision thereof and entry in the account copy shall be deemed to be sufficient notice to the Borrower.

Section 3.9 - APPROPRIATION OF PAYMENTS

The Borrower agrees, declares and confirms that, notwithstanding any of the provisions of the Indian Contract Act, 1872 or any other applicable law, or any terms and conditions to the contrary contained in the Credit Facility Agreement, the Bank may, at its absolute discretion, appropriate any payments made by the Borrower under the Credit Facility Agreement / any amounts realised by the Bank by enforcement of security or otherwise, towards the dues payable by the Borrower to the Bank under the Credit Facility Agreement and / or other agreements entered into between the Borrower and the Bank and in any manner whatsoever and such appropriation by the Bank shall be final and binding on the Borrower in all respects. In respect of credit facilities repayable by instalments, the latest remittance shall be appropriated towards the earliest instalment due.

Section 3.10 – GENERAL

The Borrower acknowledges and confirms that :

- i) The rates of default interest and interest on reimbursement of expenses are reasonable and that they represent genuine pre-estimates of the loss expected to be incurred by the Bank in the event of non payment of any monies by the Borrower and/or other related person in relation to the Facility.
- ii) The Facility provided under the Credit Facility Agreement is for a commercial transaction and the Borrower waives any defence available under usury or other laws relating to the charging of interest.
- iii) (a) The Bank shall have the right of set-off/net off on the deposits of any kind and nature (including fixed deposits) held/balances lying in any accounts of the Borrower and on any monies, securities, bonds and all other assets, documents, deeds and properties held by/under the control of the Bank / their trustees or agents (whether by way of security or otherwise pursuant to any contract entered/to be entered into by the Borrower in any capacity) to the extent of all outstanding dues, whatsoever, arising as a result of any of the Bank' services extended to and/or used by the Borrower and/or as a result of any other facilities that may be granted by the Bank to the Borrower. The Borrower also notes the banker's lien available to the Bank on the aforesaid assets.

(b) In addition to the above mentioned right or any other right which the Bank may at any time be entitled whether by operation of law, contract or otherwise, the Borrower authorises the Bank: (A) to combine or consolidate at any time all or any of the accounts and liabilities of the Borrower with or to any branch of the Bank; (B) to sell or dispose off any of the Borrower's securities or properties held by the Bank by way of public or private sale or assignment or in any other manner whatsoever without having to institute any judicial proceeding whatsoever and retain/appropriate from the proceeds derived there from the total amounts outstanding to the Bank from the Borrower, including costs and expenses in connection with such sale / disposal / transfer / assignment; and

(c) in case of cross currency set-off, to convert an obligation in one currency to another currency at a rate determined at the sole discretion of the Bank.

- iv) The Borrower shall ensure that the related person performs all obligations under the respective Transaction Documents executed / furnished by such related person in connection with the Facility.

Section 3.11 – GUARANTEE FEE

In case the credit facilities are eligible for cover under any Guarantee Scheme, the Borrower shall bear the guarantee fee paid/to be paid in connection with the credit facilities sanctioned and the said guarantee fee shall be debited to the Borrower's account and shall be treated as part of the said facility and shall carry like interest and be secured in the same manner as the said credit facility. The Borrower specifically agrees that whether any claim received by the Bank under the Guarantee Scheme or not will not absolve the Borrower from their liability to make repayment of entire amount of credit facilities availed from the Bank.

Section 3.12 – REFINANCE

If the credit facilities sanctioned by the Bank are eligible for refinance from the Industrial Development Bank of India (IDBI) or Small Industries Development Bank of India (SIDBI) or similar Financial Institutions in accordance with the norms laid down for the same, then the Bank shall be entitled to seek refinance from the said Financial Institutions for the abovementioned credit facilities. The Borrower agrees that if Bank is unable to obtain refinance from the said Financial Institutions for whatever reasons, the Borrower shall pay such higher rate of interest as fixed by the Bank. The Borrower further agrees that due to delay in disbursement or availing of the said credit facilities on account of default on the part of the Borrower and consequent delay in availing refinance from the said Financial Institutions, the Bank is required to pay commitment charges to the said Financial Institutions, then in such event the Borrower agrees to bear the same and pay the same and pay also such charges to the Bank as may become payable on account of the aforesaid factor and on the failure of the Borrower to pay the same, the Bank will be entitled to debit such amount to the account of Borrower and it shall be treated as part of the aforesaid credit facilities and shall carry like interest and be secured in the same manner as the said credit facilities.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4 – REPRESENTATIONS AND WARRANTIES

In consideration of the Bank having agreed to provide / provided the Facility to the Borrower in terms of the Credit Facility Agreement, the Borrower makes the following representations, warranties and agreements and confirms that they are, true, correct, valid and subsisting in every respect as of the date of the Credit Facility Agreement, as of the date of each disbursement by the Bank under the Credit Facility Agreement (in each case, before and after giving effect to disbursements occurring on such date) and as on each Due Date, which representations, warranties and agreements shall survive the execution and delivery of the Credit Facility Agreement and the provision of the Facility under the Credit Facility Agreement and repayment/payment in full of the Facility and all monies in respect thereof:

(a) CREDIT/LOAN APPLICATION

The Credit/Loan Application, if any, is true and accurate in all material respects, is not misleading and does not omit any material fact, the omission of which would make any fact or statement therein misleading and the Credit/Loan Application shall be deemed to form part of the warranties herein contained.

(b) STATUS AND AUTHORISATIONS

- i) The Borrower is duly incorporated/constituted and validly existing under the laws of India and has the power to enter into the Credit Facility Agreement and the other Transaction Documents and to own its assets and carry on its business and operations as it is being or is proposed to be conducted.
- ii) All acts, conditions and things required to be done, fulfilled or performed, and all authorisations required or essential, for the purpose of the Project or for the entry and delivery of the Credit Facility Agreement and the other Transaction Documents or for the performance of the Borrower's obligations in terms of and under the Credit Facility Agreement and the other Transaction Documents have been done, fulfilled, obtained, effected and performed and are in full force and effect and no such authorisation has been, or is threatened to be, revoked or cancelled.
- iii) The Borrower has not received any notice, nor is it aware that any authorisation from concerned authority(ies) necessary or required to be obtained in present or in future, will not be granted or obtained.
- iv) The Borrower has, wherever necessary, obtained import licences with list of equipment and/or necessary authorisation about eligibility, scope and validity of imports under open general licence for equipment to be imported for the Project.
- v) The Borrower shall maintain proper books of accounts and such other registers, books, documents, relating to the business as may be statutorily required or as may be required by the Bank or as may be necessary and/or generally kept in the business of the kind carried on by the Borrower and shall get the accounts, books duly audited. The Borrower shall, if so required by the Bank, allow the Bank and its officials to inspect the books of accounts and other records, registers etc.

- vi) The Borrower is in compliance in all respects with all laws and regulations affecting its assets, the Project and its business and operations.

(c) **LEGAL VALIDITY**

The Credit Facility Agreement has been duly and validly executed by the authorised person(s) of the Borrower and the Credit Facility Agreement constitutes, and each Transaction Document constitutes or when executed in accordance with its terms will constitute, legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms. The Borrower has taken all steps and done all acts to ensure that the Credit Facility Agreement and each Transaction Document is admissible in evidence in India.

(d) **NON-CONFLICT**

The entry into, delivery and performance by the Borrower of, and the transactions contemplated by, the Credit Facility Agreement and the other Transaction Documents do not and will not conflict :

- i) with any law;
- ii) with the constitutional documents of the Borrower; or
- iii) with any document which is binding upon the Borrower or on any of its assets.

(e) **NO DEFAULT**

- i) No default is subsisting or might result from the execution of, or the availing of the Facility under, the Credit Facility Agreement by the Borrower.
- ii) No other event or circumstance is subsisting which constitutes (or with the giving of notice, lapse of time, determination of materiality or the fulfilment of any other applicable condition or any combination of the foregoing, might constitute) a default under any document which is binding on the Borrower or any of its assets.
- iii) The Borrower is not in breach of the terms of the Credit Facility Agreement or any other Transaction Document and no Event of Default is subsisting.
- iv) The Borrower is not in breach of the terms of any Project Document nor (so far as it is aware) is any other party thereto, to an extent which might have a Material Adverse Effect.

(f) **Taxes on Payments.**

The Borrower agrees to pay any and all duties and all other applicable indirect taxes, duties, or levies whether present or future, including but not limited to interest tax, service tax, cess, sales tax, levied by Central/State Governments or any other statutory authority, under the applicable laws as may be amended from time to time, which may be payable in connection with the Credit Facility Agreement.

(g) **OWNERSHIP OF ASSETS**

The Borrower/Guarantor has good title to, or valid leases or licences of, or is otherwise entitled to use its/their assets.

(h) **IMMUNITY**

- i) The execution or entering into by the Borrower of the Credit Facility Agreement and the other Transaction Documents constitute, and its exercise of its rights and performance of its obligations under the Credit Facility Agreement and the other Transaction Documents will constitute, private and commercial acts done and performed for private and commercial purposes.
- ii) The Borrower is not, will not be entitled to, and will not claim immunity for itself or any of its assets from suit, execution, attachment or other legal process in any proceedings in relation to the Credit Facility Agreement and/or the other Transaction Documents.

(i) **JURISDICTION/GOVERNING LAW**

The Borrower's:

- i) irrevocable submission to the jurisdiction of courts as specified in Article XI hereof, and

- ii) agreement that the Credit Facility Agreement and the other Transaction Documents is governed by Indian law (unless such Transaction Documents stipulate / specify otherwise),

are legal, valid and binding on the Borrower under Indian law.

(j) **ACCOUNTS**

The most recent audited accounts of the Borrower delivered to the Bank:

- i) have been prepared in accordance with accounting principles and practices generally accepted in India, consistently applied;
- ii) have been duly audited by the statutory auditors of the Borrower, wherever necessary as per law; and
- iii) represent a true and fair view of its financial condition as at the date to which they were drawn up, and there has been no Material Adverse Effect since the date on which those accounts were drawn up.

(k) **LITIGATION**

No litigation, arbitration, administrative or other proceedings are pending or threatened against the Borrower, its assets or business or the Project, which, if adversely determined, might have a Material Adverse Effect.

(l) **INFORMATION**

- i) All information communicated to or supplied by or on behalf of the Borrower to the Bank from time to time, whether in writing, electronic form or otherwise, is true, correct and complete in all respects as on the date on which it was communicated or supplied.
- ii) Nothing has occurred since the date of communication or supply of any information to the Bank which renders such information untrue or misleading in any respect and which, if disclosed, might adversely affect the decision of the Bank to enter into, or to make disbursements under the Credit Facility Agreement.

(m) **PROJECT DOCUMENTS**

- i) All Project Documents delivered to the Bank by or on behalf of the Borrower were genuine and in the case of copies, such copies were, at the date of delivery, true, complete and accurate copies in all material respects, of originals which had not been amended or superseded in any way. The services to be provided, materials to be supplied, and the easements, leases, licences and other rights granted or to be granted to the Borrower pursuant to the terms of the Project Documents provide or will provide the Borrower with all rights and property interests required to enable the Borrower to obtain all services, materials or rights (including access) required for the design, construction, start-up, operation and maintenance of the Project, including the Borrower's full and prompt performance of its obligations under the Project Documents other than those services, materials and rights that reasonably can be expected to be obtained in the ordinary course of business without material additional expense or delay.
- ii) Save for the Project Documents, there are no other material agreements or contracts to which the Borrower is a party, copies of which have not been delivered to the Bank and there are no agreements or arrangements (whether in writing or otherwise) modifying or amending any Project Document, other than those furnished to the Bank.

(n) **INTELLECTUAL PROPERTY**

- i) The Borrower owns, has licence to use or otherwise has the right to use, free of any pending or threatened liens, all Intellectual Property or Intellectual Property Rights, which are required or desirable for the conduct of the Borrower's business and operations and the Borrower does not, in carrying on its business and operations, infringe any Intellectual Property Rights of any person.
- ii) None of the Intellectual Property or Intellectual Property Rights owned or enjoyed by the Borrower, or which the Borrower is licensed to use, which are material in the context of the Borrower's business and operations are being infringed nor, so far as the Borrower is aware, is there any infringement or threatened infringement of those Intellectual Property or Intellectual Property Rights licensed or provided to the Borrower by any person.

- iii) All Intellectual Property or Intellectual Property Rights owned by the Borrower or which the Borrower is licensed to use are valid and subsisting. All actions (including registration, payment of all registration and renewal fees) required to maintain the same in full force and effect have been taken.

(o) **NO OTHER BUSINESS**

The Borrower has not engaged in any business or activities, either alone or in partnership or joint venture other than those disclosed to, or permitted by, the Bank.

(p) **TAX COMPLIANCE**

The Borrower has complied in all material respects with all taxation laws in all jurisdictions in which it is subject to taxation and has filed all tax returns and paid all taxes and statutory dues due and payable by it and, to the extent any taxes are not due, has established reserves that are adequate for the payment of those taxes and statutory dues. The Bank shall not be responsible for the compliance of direct and indirect tax obligations by the Borrower.

(q) **BANKRUPTCY**

The Borrower has not taken any action and no other steps have been taken or legal proceedings started by or against it in any court of law for its winding-up, dissolution, administration or re-organisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of the Borrower or of any or all of its assets.

(r) **ENVIRONMENT**

- i) The Borrower has obtained all authorisations under applicable environmental laws and is and has been in compliance with all such authorisations and laws and there are no circumstances that may at any time prevent or interfere with such compliance.
- ii) As at the date of the Credit Facility Agreement, no further environmental authorisations other than those already obtained are required for the carrying on of the business and operations of the Borrower as currently conducted.
- iii) There is no claim pending or threatened, against the Borrower for any breach of environmental law which, if adversely determined, might have a Material Adverse Effect.

(s) **AFFILIATES**

Except to the extent disclosed to the Bank, the Borrower is not a party to any contract or agreement with, or any commitments to, whether or not in the ordinary course of business, any affiliates or group companies other than on a commercial basis and on terms no less favourable to the Borrower than those that the Borrower would have obtained had the Borrower entered into any contracts or agreements with any party other than such affiliates or group companies.

(t) **ENCUMBRANCES**

Except as otherwise disclosed to the Bank in writing or unless otherwise permitted by the Bank, there are no encumbrances subsisting or in existence on any of the Borrower's/Guarantor's assets.

(u) **ARRANGING OF FINANCIAL ASSISTANCE**

The Borrower has entered into effective agreements or made arrangements for raising of funds as per the Financing Plan.

ARTICLE V

PRE-DISBURSEMENT CONDITIONS

Section 5 - **CONDITIONS PRECEDENT**

The obligation of the Bank to make disbursements under the Credit Facility Agreement shall be subject to the Borrower performing all its obligations and undertakings under the Credit Facility Agreement besides compliance

by the Borrower with the disbursement procedure stipulated by the Bank, and compliance with the conditions, set out below to the satisfaction of the Bank:

Section 5.1 - CONDITIONS PRECEDENT TO FIRST DISBURSEMENT

(a) CONSTITUTIONAL DOCUMENTS

The Borrower shall submit the following information and documents:

- i) An up-to-date certified true copy of the constitutional documents such as memorandum and articles of association and certificate of incorporation and commencement of business or trust deed/bye laws/partnership deed of the Borrower and the other security provider or relevant parties in connection with the Facility.
- ii) A certified true copy of a resolution of the board of directors/members/trustees of the Borrower:
 - (a) approving the terms and execution of, and the transactions contemplated by, the Credit Facility Agreement and the other Transaction Documents;
 - (b) authorising, the affixation of the common seal (wherever necessary) on the Credit Facility Agreement and the Transaction Documents, and/or a director or directors or members or trustees or other authorised executives to execute the Credit Facility Agreement and the other Transaction Documents; and
 - (c) authorising a person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Credit Facility Agreement and the other Transaction Documents.
- iii) A specimen signature of each such person authorised by the resolutions referred to in Sub-clauses (a)(ii)(b) and (a)(ii)(c) hereinabove.
- iv) *A certified true copy of a resolution of the shareholders of the Borrower if required under the Companies Act, 1956, authorising, inter alia, the borrowing contemplated under, and the execution of, the Credit Facility Agreement and the other Transaction Documents.
- v) A certificate of the statutory auditors of the Borrower confirming that: (a) the borrowing or the availing of Facility under the Credit Facility Agreement would not cause any borrowing limit binding on the Borrower to be exceeded, and (b) the assets to be mortgaged/charged/pledged as security for the Facility, are the absolute property of the Borrower and are free from any encumbrance.
- vi) A certificate of the legal advisers of the Borrower certifying that the Borrower and its Directors/Members/Trustees have the necessary powers under the constitutional documents of the Borrower to borrow or avail the Facility and enter into the Credit Facility Agreement and that the borrowing or availing of the Facility under the Credit Facility Agreement would not cause any borrowing limit binding on the Borrower to be exceeded.
- vii) Documentary evidence that the Borrower has complied with all of its obligations to file all of its statutory returns, forms and other documents with the relevant Registrar of Companies/ other such statutory authorities as may be prescribed under the various laws applicable to the Borrower.
- viii) A copy of the Borrower's most recent audited accounts and auditor's report and un-audited accounts.

(b) PROJECT DOCUMENTS

The Borrower shall submit certified true copies of each Project Document entered into, executed by or in favour of the Borrower.

(c) AUTHORISATIONS

The Borrower shall submit the following:

- i) Certified copies of each authorisation necessary or desirable in connection with the entry into, performance, validity, enforceability and admissibility of the Credit Facility Agreement and the other Transaction Documents (and the transactions contemplated thereby), including authorisations from its secured creditors stating that they have no objection to the Borrower creating the security interests on its assets in accordance with the Credit Facility Agreement.
- ii) Documentary evidence that each of the Transaction Documents has been duly executed by the parties to it and that each of the Transaction Documents is in full force and effect.
- iii) Documentary evidence that all registration, notices and filings which are necessary or desirable in relation to the Transaction Documents have been completed.

(d) SECURITY

Unless otherwise permitted by the Bank, the Borrower shall create the security as stipulated in the Sanction Letter

to secure the Facility.

(e) **TRANSACTION DOCUMENTS**

Unless otherwise permitted by the Bank, the Borrower shall have executed or entered into all other Transaction Documents as may be required by the Bank.

Section 5.2 – **CONDITION PRECEDENT TO ALL DISBURSEMENTS**

(a) **SUBMISSION OF INFORMATION AND DOCUMENTS**

The Borrower shall submit to the Bank periodically as required by the Bank copies of the Balance Sheet and Profit and Loss Account duly audited and also furnish required stock statements, quarterly information system (QIS) in Form No.I and II, half yearly operating and Fund Flow Statement in Form III as per the standardized format, other reports, returns, certificates, sales tax/income tax assessments and information within the time stipulated by the Bank and will also execute all documents, and provide other collateral and do all acts and things which the Bank may require to give effect to any of the terms and conditions set out herein. In the event of failure of the Borrower to submit stock statement, audited profit and loss account and balance sheet etc. and copies of other returns, certificates etc. required by the Bank within the stipulated time, bank will have absolute discretion to charge penal interest at such rates as may be fixed by the Bank from time to time.

In the case of creation of charge over the assets of limited company in favour of the Bank for securing the credit facilities availed/to be availed from the Bank, the Borrower shall ensure that charges are duly filed with Registrar of Companies within the statutory time or lesser time stipulated by the Bank and furnish necessary proof of filing the same.

(b) **COMPLIANCE WITH CONDITIONS**

The Borrower shall abide and comply with such conditions as may be imposed by the Bank from time to time during the currency of the Facility.

ARTICLE VI

CONDITIONS APPLICABLE DURING CURRENCY OF THE CREDIT FACILITY AGREEMENT

Section 6.1 - **INFORMATION COVENANTS**

The Borrower shall promptly:

(a) **REPRESENTATIONS AND WARRANTIES**

notify the Bank upon becoming aware, having used best endeavors, of the occurrence of any event or the existence of any circumstances which constitutes or results in any representation, warranty, covenant or condition under the Credit Facility Agreement being or becoming untrue or incorrect in any respect.

(b) **ACCOUNTS**

deliver to the Bank, its duly audited annual accounts, in any event, within four months from the close of its accounting year. The Borrower shall also deliver to the Bank, as soon as the same are available and in any event within 45 days of the end of each quarter its audited, or as the case may be, un-audited accounts for that quarter.

(c) **ADDITIONAL PROJECT DOCUMENTS AND AUTHORISATIONS**

deliver to the Bank, and in no event later than ten days after the execution or receipt thereof by the Borrower, copies of all additional Project Documents and authorisations entered into or obtained by the Borrower, or any amendments to any Project Document or authorisations received by the Borrower and obtain and deliver to the Bank from time to time, information regarding changes in law affecting the Borrower, its business and operations or the Project.

(d) **ADVERSE CHANGES IN IMPLEMENTATION, PROFITS AND PRODUCTION**

notify the Bank of the circumstances and conditions which are likely to disable or disables the Borrower from implementing the Project, or which are likely to delay its completion, or which may compel or compels the Borrower to abandon the Project, or which may result in substantial overrun in the original estimate of costs, or the happening of any labour strikes, lockouts, shut-downs, fires or other similar happenings likely to have a Material Adverse Effect, with an explanation of the reasons therefor.

(e) **NOTICES**

deliver to the Bank, copies of all notices of default, termination, or material claims or material demands made against it or by it under any Project Document or otherwise and notify the Bank about any action or event pertaining to or having the effect of revocation, repudiation, denial or cancellation of any authorisation.

(f) **LOSS OR DAMAGE**

notify the Bank of any material loss or damage which the Borrower may suffer due to any event, circumstances or act of God.

(g) **WINDING-UP/ REVOCATION/ DISSOLUTION AND LEGAL PROCESS**

- i) notify the Bank of any action or steps taken or legal proceedings started by or against it in any court of law for its winding-up, dissolution, revocation, administration or re-organisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of the Borrower or of any or all of its assets.
- ii) notify the Bank of any litigation, arbitration, administrative or other proceedings initiated or threatened against the Borrower, its assets or the Project.

(h) **OTHER INFORMATION**

- deliver to the Bank,
- (i) regular progress reports, (in a form satisfactory to the Bank) covering any matter (including the progress of implementation and operation of the Project together with an explanation for deviations from budgeted expenditure as approved by the Bank) and such other reports and information on any matter that the Bank may request from time to time.
 - (ii) copies of all documents despatched by the Borrower to all its creditors (or any general class of them) at the same time as they are despatched.

Section 6.2 - AFFIRMATIVE COVENANTS

The Borrower hereby covenants and agrees that until all the monies due and payable by the Borrower under the Credit Facility Agreement are fully paid off to the satisfaction of the Bank, the Borrower shall comply with the following:

(a) **CARRYING ON BUSINESS AND OPERATIONS**

The Borrower shall:

- i) maintain its business existence and right to carry on its business and operations and ensure that it has the right and is duly qualified to conduct its business and operations as it is conducted in all applicable jurisdictions and will obtain and maintain all franchises and rights necessary for the conduct of its business and operations in such jurisdictions;
- ii) develop, maintain and implement the Project in accordance with prudent industry standards and accepted industry practices and conduct its business and operations with due diligence and efficiency and in accordance with sound technical, financial and managerial standards and business practices;
- iii) comply with all its obligations under each Project Document and complete the implementation of the Project;
- iv) comply and ensure compliance with the terms set out in the Credit Facility Agreement and the other Transaction Documents.

(b) **AUTHORISATIONS**

The Borrower shall promptly obtain, maintain and comply with the terms of all authorisations necessary for entering into or performing its obligations under the Credit Facility Agreement or for the Project or for conducting its business and operations.

(c) **UTILISATION OF THE FACILITY**

The Borrower shall use the proceeds of the Facility only for the Purpose. If, for any reason the Borrower finds itself unable to comply with this condition, it shall immediately inform the Bank in writing of the same and the reasons therefor and shall, unless otherwise agreed to by the Bank, repay forthwith the outstanding balance of the Facility together with interest and all other monies payable in respect thereof. The Borrower shall not utilize the proceeds of the Facility for any illegal purposes or for dealing in / against security of any banned article including articles possession / production of which is banned under any laws.

(d) **RANKING OF CLAIMS**

The Borrower shall ensure that, save as otherwise provided in the Credit Facility Agreement and the other Transaction Documents, its obligations under the Credit Facility Agreement and the other Transaction Documents do and will rank above and prior to all its other present and future obligations.

(e) **COMPLIANCE WITH LAWS AND PAYMENT OF TAXES**

The Borrower shall comply in all material respects with all laws applicable to or binding on it or its business and operations or affecting the Project. The Borrower shall file all relevant tax returns and pay all its taxes and statutory dues promptly when due and payable and, to the extent any taxes are not due, has established reserves that are adequate for the payment of those taxes and statutory dues. The Bank shall not be responsible for the compliance of direct and indirect tax obligations by the Borrower.

(f) **AUDITORS**

In the event that auditors acting as the auditors for the Borrower cease acting as the auditors for any reason, the Borrower shall promptly inform the Bank of the reasons for such cessation and shall appoint in accordance with applicable laws and maintain as its auditors, another firm of independent chartered accountants.

(g) **INSURANCE**

The Borrower shall keep all the assets hypothecated, pledged, mortgaged or otherwise charged to the Bank as security for the aforesaid credit facilities at the Borrower's risk and expenses in good condition and fully insured against fire and/or such other risk(s) as the Bank may from time to time stipulate in the name of the Bank or in Borrower's name with Bank Clause, as may be stipulated by the Bank, with an insurance company approved and suggested by the Bank and for such amount as the Bank may consider necessary and that the insurance policies shall be delivered to the Bank. If the Borrower fails to effect such insurance, the Bank may, without being obliged to do so, insure the movable and immovable and other assets against fire and such other risk(s) and debit the premium and such other charges to any account of the Borrower opened or to be opened. The debiting of insurance premium for a particular year(s) will not cast any obligation on the Bank to take out insurance policies of the secured assets in subsequent years. In the event of Bank being at any time apprehensive that the safety of the goods/assets is likely to be endangered owing to riot and/or strike (including fire arising therefrom) and/or floods, earthquakes etc. and/or also resulting in the loss of production therefrom, the Bank may at its own discretion, but without being bound to do so, insure or require the Borrower to insure against any damage arising therefrom, the cost of such extra insurance being payable by the Borrower be debited to any such account. If the Bank desires that the assets shall be insured against theft, the Borrower shall provide sufficient cover therefor. The Borrower agrees that in the event of loss of insured asset, the Borrower shall submit the insurance claim to the insurance company under intimation to the Bank and in the event of receipt of claim amount directly from the insurance company the Borrower undertakes to remit the same to the Bank. The Borrower further expressly agrees that the Bank shall be entitled to adjust, settle, compromise or refer to arbitration any dispute arising under or in connection with any insurance and such adjustment, settlement, compromise and any award made on such arbitration shall be valid and binding on the Borrower and also to receive all monies payable under any such insurance or under any claim made thereunder and to give a valid receipt therefor, and that the amount so received shall be credited to the Borrower's account and the Borrower shall not raise question that a larger sum might or ought to have been received or be entitled to dispute its liability for the balance remaining due on any account or accounts after such credit. Provided that the Bank may at its sole, absolute and unqualified discretion waive all or any of these requirements.

(h) **SHARE CAPITAL**

The Borrower shall ensure that it has sufficient authorised, un-issued share capital to issue shares pursuant to any commitment by the Borrower to issue shares to any person (including to the Bank in terms hereof) or in accordance with the Financing Plan or for issue to any person pursuant to any commitment made by such person under any Transaction Document to subscribe to shares of the Borrower.

(i) **CONSTITUTIONAL DOCUMENTS**

The Borrower shall carry out such alterations to its constitutional documents and shall also pass necessary resolutions as may be deemed necessary in the opinion of the Bank to safeguard the interests of the Bank under the Credit Facility Agreement and the other Transaction Documents.

(j) **UNDERTAKING FOR MEETING SHORTFALL**

The Borrower shall undertake and/or procure undertakings from such persons as may be specified by the Bank and in the form required by the Bank, whereby it/he/they shall take the responsibility for making arrangements

satisfactory to the Bank for meeting the shortfall, if any, in the resources of the Borrower for completing the Project and/or for working capital. The Borrower shall join in such undertakings procured from such other persons as a confirming party. The funds brought in to meet the shortfall in the resources of the Borrower for completing the Project and/or working capital shall be in such form and manner and on such terms as may be required by the Bank.

(k) **OTHER DOCUMENTS**

The Borrower shall execute and/or cause to be executed, such documents as may be required by the Bank in connection with the Facility, in a form and manner satisfactory to the Bank.

(l) **UNDERTAKINGS FOR NON-DISPOSAL OF SHAREHOLDINGS**

The Borrower shall not recognise or register any transfer of shares in the Borrower's capital made or to be made by any person as may be specified by the Bank. The Borrower shall procure and furnish undertakings from such persons, in a form and manner required by the Bank, whereby such person shall agree, inter alia, not to dispose off their shareholdings in the Borrower to any person in any manner whatsoever. The Borrower shall join in such undertaking as a confirming party. The Borrower shall procure from such person providing the undertaking referred to above deposits with the Bank, all original certificates pertaining to their shareholding in the Borrower.

Section 6.3 - **NEGATIVE COVENANTS**

The Borrower hereby covenants and agrees that until all the monies due and payable by the Borrower under the Credit Facility Agreement are fully paid off to the satisfaction of the Bank, without the approval of the Bank, the Borrower shall not:

(a) **NEW PROJECT AND PROJECT CHANGES**

undertake any new project, or diversification, modernisation or substantial expansion of the Project, or alter the Financing Plan or the scope of the Project whether by way of any reduction or increase to its size, layout, specification or quality or otherwise.

(b) **OTHER ACTIVITIES**

engage in any business or activities other than those which the Borrower is currently engaged in, either alone or in partnership or joint venture with any other person, nor acquire any ownership interest in any other entity or person or enter into any profit-sharing or royalty agreement or other similar arrangement whereby the Borrower's income or profits are, or might be, shared with any other entity or person, or enter into any management contract or similar arrangement whereby its business or operations are managed by any other person.

(c) **INDEBTEDNESS**

contract, create, incur, assume or suffer to exist any Indebtedness in any manner whatsoever except as otherwise permitted under the Credit Facility Agreement. This provision shall not apply to normal trade guarantees.

(d) **PREMATURE REPAYMENT**

prepay any Indebtedness incurred by the Borrower. If the Bank permits the Borrower to prepay any such Indebtedness the Borrower shall if so required by the Bank, make proportionate prepayment to the Bank subject to such conditions (including payment of prepayment charges) as may be stipulated by the Bank.

(e) **COMMISSION**

pay any commission to its promoters, directors, trustees, members, managers or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any Indebtedness incurred by the Borrower or in connection with any other obligation undertaken for or by the Borrower.

(f) **SUBSIDIARIES**

create any subsidiary or permit any company/other entity to become its subsidiary.

(g) **MERGER, CONSOLIDATION ETC.**

undertake or permit any merger, de-merger, consolidation, reorganisation, scheme or arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction or change its constitution.

(h) **INVESTMENTS BY BORROWER**

make any investments whether by way of deposits, loans, or investments in share capital or otherwise, in any concern or provide any credit or give any guarantee, indemnity or similar assurance except as otherwise permitted under the Credit Facility Agreement. This provision shall not apply to loans and advances granted to staff or contractors or suppliers in the ordinary course of business.

(i) **ENCUMBRANCE**

(a) create or permit to subsist any encumbrance (save and except for securing borrowings for working capital requirements in the ordinary course of business, upto the limit approved by the Bank) or any type of preferential arrangement (including retention arrangements or escrow arrangements having the effect of granting security), in any form whatsoever on any of its assets including Intellectual Property and Intellectual Property Rights, or (b) (whether voluntarily or involuntarily) sell, transfer, grant lease or otherwise dispose of or deal with (or agree to do any of the foregoing at any future time), all or any of its assets including Intellectual Property and Intellectual Property Rights.

(j) **CONTRACT CHANGES**

carry out or permit any material amendment, termination or cancellation of any (i) Project Document including any agreements with its machinery suppliers, collaborators, technical consultants and suppliers of raw materials, or (ii) agreements, documents or arrangements entered into with, or executed in favour of, any other Bank or providers of funds.

(k) **DIVIDEND**

declare or pay any dividend or authorise or make any distribution to its shareholders: (a) unless it has paid all the dues in respect of the Facility upto the date on which the dividend is proposed to be declared or paid, or has made satisfactory provisions therefor, and/or (b) if an Event of Default has occurred and is subsisting or would occur as a result of such declaration or payment of dividend or authorisation or making of distribution.

(l) **SHARE CAPITAL**

(a) buy back, cancel, retire, reduce, redeem, re-purchase, purchase or otherwise acquire any of its share capital now or hereafter outstanding, or set aside any funds for the foregoing purposes, or (b) issue any further share capital whether on a preferential basis or otherwise or change its capital structure in any manner whatsoever.

(m) **FINANCIAL YEAR**

change such of the financial year-end which has been intimated to the Bank (or such other date as may be approved by the Bank).

(n) **ACCOUNTING METHOD**

change the accounting method or policies currently followed by the Borrower.

(o) **MEMORANDUM AND ARTICLES OF ASSOCIATION/BYE LAWS/TRUST DEED**

amend or modify its Memorandum and Articles of Association/Bye Laws/Trust Deeds.

(p) **WILFUL DEFAULTER, ETC.**

No director/partner/member/trustee, as the case may be, of the Borrower has been declared to be a wilful defaulter. The Borrower shall not induct a person in any capacity whatsoever, who is a director/partner/member/trustee of an entity identified as wilful defaulter. In the event of such a person is found to be a director/partner/member/trustee of an entity identified as wilful defaulter, the Borrower shall take expeditious and effective steps for removal of such person.

Section 6.4 - APPOINTMENT OF TECHNICAL/MANAGEMENT CONSULTANT

The Bank shall have the right to appoint, whenever it considers necessary, any person engaged in technical, management or any other consultancy business to inspect and examine the working of the Borrower and its assets including its premises, factories and facilities and to report to the Bank. The Bank shall have the right to appoint, whenever it considers necessary, any Chartered Accountants/Cost Accountants as auditors for carrying out any specific assignments or to examine the financial or cost accounting system and procedures adopted by the Borrower for its working or as concurrent or internal auditors, or for conducting a special audit of the Borrower. The costs, charges and expenses including professional fees and travelling and other expenses of such consultants or auditors shall be borne and payable by the Borrower.

Section 6.5 - MANAGEMENT

(i) **EXISTING MANAGEMENT**

Without the approval of the Bank, the Borrower shall not appoint/re-appoint/remove any persons, by whatever name called, who exercise substantial powers of management of the affairs of the Borrower.

(ii) **PAYMENT OF COMMISSION**

The persons referred to in Sub-clause (i) above shall not be paid any commission in any year unless all the dues of the Bank in that year have been paid to the satisfaction of the Bank.

(iii) **PAYMENT OF COMPENSATION**

The persons referred to in Sub-clause (i) above shall not be paid any compensation in the event of loss of their offices for any reason whatsoever unless all the dues of the Bank in that year have been paid to the satisfaction of the Bank.

(iv) **UNDERTAKINGS**

- a) The Borrower shall procure and furnish suitable undertakings, if so required by the Bank, in a form acceptable to the Bank for giving effect to (ii) and (iii) above from the persons mentioned in Sub-clause (i) above.
- b) So long as any credit facility availed by the Borrower from the Bank is outstanding, the Borrower shall not avail of any credit facility or accommodation from any other Bank or Financial Institution or any person, firm or company in any manner without the previous permission in writing of the Bank nor shall deal with or through any other Bank or Financial Institution without having obtained in this behalf the prior written approval of the Bank.
- c) The Borrower also undertakes that no Current Account will be opened in any other Bank without the written concurrence of the Bank.
- d) The Borrower shall not compound or release any of the book-debts/receivables nor do anything whereby the recovery of the same may be impeded, delayed or prevented without obtaining prior consent in writing of the Bank.
- e) The Borrower shall not undertake guarantee obligation on behalf of any third party or any other company/firm etc. without the prior written consent of the Bank.
- f) The Borrower shall not alienate or dispose of or charge or encumber any of the securities provided to the Bank without the written consent of the Bank.
- g) The Borrower agrees that the moneys brought in by the Borrowers/Partners/ Friends / Relatives / principal shareholders/directors/depositors/other associate firms/group companies for financing the needs of the Borrower will not be allowed to be withdrawn, during the currency of the said credit facility, without the permission of the Bank.

(v) **FUTURE ARRANGEMENT**

The Borrower shall, as and when required by the Bank, appoint to the satisfaction of the Bank, persons mentioned in Sub-clause (i) above and/or suitable technical, financial and executive staff of proper qualifications and experience for the key posts and change any of the foregoing persons as and when required by the Bank. The terms of such appointments including any changes therein, shall be subject to the approval of the Bank.

(vi) **CONSTITUTION OF THE COMMITTEES OF THE BOARD**

The Borrower shall constitute such committees of the Board with such composition and functions as may be required by the Bank.

Section 6.6 - APPOINTMENT OF NOMINEE DIRECTOR

- (i) The Bank shall have the right to appoint and remove from time to time, Director(s) on the Board of Directors of the Borrower (such directors are hereinafter referred to as "the Nominee Director(s)").
- (ii) The Nominee Director(s) shall:
 - a) not be required to hold qualification shares nor be liable to retire by rotation;
 - b) be entitled to all the rights and privileges of other Directors including the sitting fees, and expenses as payable to other Directors but if any other fees, commission, monies or remuneration in any form is payable to the Directors, the fees, commission, monies and remuneration in relation to such Nominee Director(s) shall be paid by the Borrower directly to the Bank;
Provided that if any such Nominee Director(s) is an employee of the Bank, the sitting fees and expenses in relation to such Nominee Director(s) shall be paid by the Borrower directly to the Bank;
Any expenditure incurred by the Bank or the Nominee Director(s) in connection with his appointment of directorship shall be borne and payable by the Borrower.

- c) be appointed a member of committees of the Board, if so desired by the Bank;
- d) be entitled to receive all notices, agenda, etc. and to attend all General Meetings and Board Meetings and Meetings of any committees of the Board of which he is a member.
- e) If, at any time, the Nominee Director(s) is not able to attend a meeting of the Board of Directors or any of its committees of which he is a member, the Bank may depute an observer to attend the meeting. The expenses incurred by the Bank in this connection shall be borne and payable by the Borrower.
- f) The Nominee Director(s)/the observer shall furnish to the Bank a report of the proceedings of all such meetings.
- g) The appointment/removal of the Nominee Director(s) shall be by a notice in writing by the Bank addressed to the Borrower and shall (unless otherwise indicated by the Bank) take effect forthwith upon such a notice being delivered to the Borrower.

**ARTICLE VII
RECORDS AND INSPECTION**

Section 7 - RECORDS AND TECHNICAL, FINANCIAL AND LEGAL INSPECTIONS

(a) RECORDS

The Borrower shall keep and maintain in accordance with good business practice and applicable laws, all statutory books, books of accounts, bank statements and other records of the Borrower and in particular, maintain records showing expenditure incurred on the Project, utilisation of the disbursements under the Credit Facility Agreement, progress of the Project and the operations and financial conditions of the Borrower and such records shall be open to examination by the Bank and their authorised representatives.

(b) TECHNICAL, FINANCIAL AND LEGAL INSPECTIONS

The Borrower shall:

- i) permit the Bank and its authorised representatives to carry out technical, financial and legal inspections of the Project and its assets and to visit and examine any such assets including the Borrower's facilities, plants, installations, sites, works, buildings, properties or equipment, and examine records and documents relevant to the performance of the obligations of the Borrower under the Credit Facility Agreement. Any such representative of the Bank shall have free access at all reasonable times to the Borrower's assets and shall receive full co-operation and assistance from the Borrower and its employees.
- ii) permit any whole-time officer of the Bank or a qualified practising Auditor to examine the Borrower's books and papers and shall provide all facilities to enable any technically qualified person chosen by the Bank to report on the business and operations of the Borrower at any time.

The cost of inspection, including travelling and all other expenses, shall be borne and payable by the Borrower to the Bank in this behalf.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1 - EVENTS OF DEFAULT

(a) DEFAULT IN PAYMENT OF AMOUNT.

Default has occurred in the repayment of principal sums of the Facility on the Due Dates (whether at stated maturity, by acceleration or otherwise) and/or in the payment of interest on the Facility and/or any other monies whatsoever stipulated in or payable under the Credit Facility Agreement and/or the other Transaction Documents.

(b) DEFAULT IN PERFORMANCE OF COVENANTS AND CONDITIONS

Default (other than a payment default) has occurred in the performance of any covenant, condition or agreement on the part of the Borrower under the Credit Facility Agreement and/or under other Transaction Documents.

(c) MISLEADING INFORMATION AND REPRESENTATIONS

Any information given in the Credit Application, in the reports and other information furnished by or on behalf of the Borrower and/or other related person, in accordance with the reporting system is incorrect or misleading, or a representation, warranty or statement made or repeated or deemed to be made or repeated in or in connection with the Credit Facility Agreement or any Transaction Document by the Borrower and/or any other person, is incorrect or misleading in any respect.

(d) **INADEQUATE SECURITY AND INSURANCE**

- (i) If the Borrower's assets have not been kept insured by the Borrower or depreciate in value to such an extent that such depreciation in value could in the opinion of the Bank, have a Material Adverse Effect.
- (ii) Any insurance contracted or taken by the Borrower is not, or ceases to be, in full force and effect at any time when it is required to be in effect or any insurance is avoided, or any insurer or re-insurer avoids or suspends or becomes entitled to avoid or suspend, any insurance or any claim under it or otherwise reduce its liability under any insurance or any insurer of any insurance is not bound, or ceases to be bound, to meet its obligations in full or in part under any insurance.

(e) **PROCEEDINGS AGAINST OR DISSOLUTION OF BORROWER**

The Borrower, has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law, or is voluntarily or involuntarily dissolved, or if the Borrower has taken or suffered to be taken any action for its reorganisation, liquidation or dissolution or has died, or if a receiver or liquidator has been appointed or allowed to be appointed of all or any part of the assets of the Borrower or if an attachment or distraint has been levied on the Borrower's assets or any part thereof or certificate proceedings have been taken or commenced for recovery of any dues from the Borrower or if one or more judgements or decrees have been rendered or entered against the Borrower and such judgements or decrees are not vacated, discharged or stayed for a period of 30 days, and such judgements or decrees involve in the aggregate, a liability which in the opinion of the Bank, could have a Material Adverse Effect.

(f) **CESSATION OR CHANGE IN BUSINESS**

If the Borrower ceases or threatens to cease to carry on any of its businesses or gives notice of its intention to do so or if the Borrower abandons the Project or all or any part of the assets required or essential for its business or operations or if such assets are damaged or destroyed or in the opinion of the Bank, there occurs any change from the date of the Credit Facility Agreement in the general nature or scope of the business, operations, management or ownership of the Borrower, which, in the opinion of the Bank, could have a Material Adverse Effect.

(g) **SECURITY IN JEOPARDY**

If, in the opinion of the Bank, the security for the Facility is in jeopardy or ceases to have effect or if any Transaction Document including any security document executed or furnished by or on behalf of the Borrower becomes illegal, invalid, unenforceable or otherwise fails or ceases to be in effect or fails or ceases to provide the benefit of the liens, rights, powers, privileges or security interests purported or sought to be created thereby or if any such Transaction Document shall be assigned or otherwise transferred, amended or terminated, repudiated or revoked without the approval of the Bank.

(h) **EXPROPRIATION EVENTS**

Any government (including any political or administrative sub-division thereof), governmental authority, agency, official or entity takes or threatens any action:

- (i) for the dissolution of the Borrower, or any action which deprives or threatens to deprive the Borrower: (a) from conducting any of its businesses or carrying out its operations in the manner it is being conducted or carried out, or (b) of the use of any of its assets;
- (ii) to revoke or terminate or to refuse to provide or renew any authorisation or to impose onerous conditions on or on the grant or renewal of any authorisation; or
- (iii) with a view to regulate, administer, or limit, or assert any form of administrative control over the rates applied, prices charged or rates of return achievable, by the Borrower in connection with its business;
- (iv) any acquisition proceedings against the property and/or business entity of the Borrower/Guarantor.

which, in each case, in the opinion of the Bank, could have a Material Adverse Effect.

(i) **CHANGE IN CONTROL**

Any person acting singularly or with any other person (either directly or indirectly) acquires control of the Borrower or of any other person who controls the Borrower, without the approval of the Bank.

(j) **ILLEGALITY**

- (i) It is or becomes unlawful for the Borrower or any person (including the Bank) to perform any of their respective obligations under the Credit Facility Agreement or any Transaction Document.

- (ii) The Credit Facility Agreement or any Transaction Document or any provision thereof are required by any law to be amended, waived or repudiated; or
- (iii) Any obligation under the Credit Facility Agreement or any Transaction Document is not or ceases to be a valid and binding obligation of any person party to it or becomes void, illegal, unenforceable or is repudiated by such person (other than the Bank).

(k) **CROSS DEFAULT**

- (i) The Borrower is unable or has admitted in writing its inability to pay any of its Indebtedness as they mature or when due.
- (ii) An event of default howsoever described (or any event which with the giving of notice, lapse of time, determination of materiality or fulfilment of any other applicable condition or any combination of the foregoing would constitute an event of default) occurs under any agreement or document relating to any Indebtedness of the Borrower or if any other Bank of the Borrower including financial institutions or banks with whom the Borrower has entered into agreements for financial assistance have refused to disburse, extend, or have cancelled or recalled its/their assistance or any part thereof.
- (iii) If the Borrower or any other party to any Project Document are in breach of, or do not comply with, any term or condition (whether, financial, performance or otherwise) of any Project Document and such breach or non-compliance is, in the opinion of the Bank, likely to have a Material Adverse Effect.
- (iv) The related person is in breach of, or does not comply with, any term or condition (whether, financial, performance or otherwise) of any related Transaction Document including any security document or undertaking.

(l) **DETERIORATION IN CREDIT WORTHINESS**

The Borrower's and/or any security provider's credit worthiness, in the sole opinion of the Bank, deteriorates, and/or if the Borrower's account is classified as a non-performing asset in the books of the Bank.

(m) **MATERIAL ADVERSE EFFECT**

One or more events, conditions or circumstances (including any change in law) shall occur or exist which in the opinion of the Bank, could have a Material Adverse Effect.

Section 8.2 **NOTIFICATION OF DEFAULT**

The Borrower shall promptly notify the Bank in writing upon becoming aware of any default and any event which constitutes (or, with the giving of notice, lapse of time, determination of materiality or satisfaction of other conditions, would be likely to constitute) an Event of Default and the steps, if any, being taken to remedy it.

Section 8.3 - **CONSEQUENCES OF DEFAULT AND REMEDIES**

A. On the happening of any of the Events of Default, the Bank may, without prejudice to its other rights and remedies, by a notice in writing to the Borrower, declare: (a) the principal of and all accrued interest on and all other monies in respect of the Facility to be due and payable forthwith, and/or (b) the security created in terms of the Credit Facility Agreement and the other Transaction Documents to be enforceable, and the Bank or such other person in favour of whom such security or any part thereof is created, shall have, inter alia, the following rights (anything in the Credit Facility Agreement and/or the Transaction Documents to the contrary notwithstanding) namely:

- (i) to enter upon and take possession of the secured assets; and/or
- (ii) to transfer the secured assets, by way of lease, leave and licence, sale or otherwise.

B. In addition to the rights specified in Sub-clause (A) above, the Bank shall also have the following rights:

(i) **APPOINTMENT OF WHOLE-TIME DIRECTOR(S)**

the Bank shall have the right to appoint and remove from time to time, whole time Director(s) on the Board of Directors of the Borrower (such directors are hereinafter referred to as the "Whole time Nominee Director(s)").

The Whole time Nominee Director(s) shall:

- a) not be required to hold qualification shares nor be liable to retire by rotation.
- b) exercise such powers and duties as may be approved by the Bank and have such rights as are usually exercised by or are available to a whole time director, in the management of the affairs of the Borrower.
- c) be entitled to receive such remuneration, fees, commission and monies as may be approved by the Bank.

- d) be appointed a member of committees of the Board, if so desired by the Bank.
- e) be entitled to receive all notices, agenda, etc. and to attend all General Meetings and Board Meetings and Meetings of any committees of the Board of which he is a member.

Any expenditure incurred by the Bank or the Whole time Nominee Director(s) in connection with his appointment of directorship shall be borne and payable by the Borrower.

If, at any time, the Whole time Nominee Director(s) is not able to attend a meeting of the Board of Directors or any of its committees of which he is a member, the Bank may depute an observer to attend the meeting. The expenses incurred by the Bank in this connection shall be borne and payable by the Borrower.

The Whole time Nominee Director(s)/the observer shall furnish to the Bank a report of the proceedings of all such meetings.

The appointment/removal of the Whole time Nominee Director(s) shall be by a notice in writing by the Bank addressed to the Borrower and shall (unless otherwise indicated by the Bank) take effect forthwith upon such a notice being delivered to the Borrower.

(ii) **REVIEW OF MANAGEMENT**

The Bank shall have a right to review the management set up or organisation of the Borrower and to require the Borrower to restructure it as may be considered necessary by the Bank, including the formation of management committees with such powers and functions as may be considered suitable by the Bank. The Borrower shall comply with all such requirements of the Bank.

(iii) **CONVERSION RIGHT IN CASE OF DEFAULT**

(a)(1) If the Facility is denominated in Rupees, in the event the Borrower commits a default in payment or interest thereon or any other money due to the Bank or any combination thereof, then the Bank shall have the right to convert (which right is hereinafter referred to as "the conversion right") at its option the whole or part of the outstanding amount of the Facility (whether then due and payable or not), into fully paid-up equity shares of the Borrower, at par from the date (which date is hereinafter referred to as the "date of conversion") and in the manner specified in a notice in writing to be given by the Bank to the Borrower (which notice is hereinafter referred to as "the notice of conversion").

(a)(2) If the Facility is denominated in foreign currencies, in the event the Borrower commits a default in payment or interest thereon or any other money due to the Bank, then the Bank shall have the right to convert (which right is hereinafter referred to as "the conversion right") at its option the Rupee equivalent of the whole or part of the outstanding amount of the Facility (whether then due and payable or not), into fully paid-up equity shares of the Borrower, at par from the date (which date is hereinafter referred to as the "date of conversion") and in the manner specified in a notice in writing to be given by the Bank to the Borrower (which notice is hereinafter referred to as "the notice of conversion").

(b) The conversion right reserved as aforesaid may be exercised by the Bank on one or more occasions during the currency of the Facility on the happening of the event specified above.

(c) On receipt of notice of conversion, the Borrower shall allot and issue the requisite number of fully paid-up equity shares to the Bank as from the date of conversion and the Bank shall accept the same in satisfaction of the part of the Facility so converted. The part of the Facility so converted shall cease to carry interest as from the date of conversion and the Facility shall stand correspondingly reduced. Upon such conversion, the instalments of the Facility payable after the date of conversion as per the Credit Facility Agreement shall stand reduced proportionately by the amounts of the Facility so converted. The equity shares so allotted and issued to the Bank shall carry, from the date of conversion, the right to receive proportionately the dividends and other distributions declared or to be declared in respect of the equity capital of the Borrower. Save as aforesaid, the said shares shall rank pari passu with the existing equity shares of the Borrower in all respects. The Borrower shall, at all times, maintain sufficient un-issued equity shares for the above purpose.

(d) In the event of the Bank exercising the conversion right as aforesaid, the Borrower shall at its cost get the equity shares, issued to the Bank as a result of the conversion, listed with such Stock Exchanges as may be prescribed by the Bank.

Section 8.4 - EXPENSES OF PRESERVATION OF ASSETS OF BORROWER AND OF COLLECTION

All expenses incurred by the Bank after an Event of Default has occurred including in connection with:

- i) preservation of, or enforcement action against the Borrower's assets or the assets comprised within the security for the Facility (whether then or thereafter existing); and
- ii) collection of amounts due under the Credit Facility Agreement and the other Transaction Documents, shall be payable by the Borrower.

Section 8.5 – SUSPENSION AND TERMINATION

A. If any Event of Default has occurred or is continuing or if the Borrower has not availed of or drawn from the Facility by the date referred to in the Credit Facility Agreement or such later date as may be permitted by the Bank, then, in such event, the Bank may, by notice in writing to the Borrower:

- i) suspend further access by the Borrower to the use of the Facility under the Credit Facility Agreement. The right of the Borrower to avail of or make draws from the Facility shall continue to be suspended until the Bank has notified the Borrower that the right to avail of or make draws from the Facility has been restored; or
- ii) terminate the right of the Borrower to avail of or make draws from the Facility. Upon such notice, the unutilised amount of the Facility shall stand cancelled.

Provided, however, in the event the Borrower's and/or any security provider's credit worthiness deteriorates, in the sole opinion of the Bank, the Bank shall be entitled to unconditionally cancel the Facility.

Provided further that the granting of this credit facility shall be purely at the discretion of the bank and that notwithstanding anything herein before contained, the bank shall, at its absolute discretion, approve or disallow facilities such as drawing beyond the sanctioned limits or honouring cheques issued for the purpose other than specifically agreed to and disallow drawings in the loan account on its classification as non performing asset or upon non-compliance with the terms of sanction. It is further agreed that the bank shall not be required or shall not be under any obligation to extend or allow further facilities to meet the additional requirements of the borrower on account of growth in business etc, other wise than at the discretion of the bank and without proper review of the credit limits.

B. If the Facility is denominated in foreign currencies, in the event the Bank is, for any reason, denied further access to their loan facility from the Foreign Lending Agency, the Bank may by notice in writing to the Borrower, terminate the right of the Borrower to make withdrawals. Upon such notice, the undrawn amount of the Facility shall stand cancelled.

C. Notwithstanding any suspension or termination pursuant to Sub-clauses (A) or (B) above, all the provisions of the Credit Facility Agreement for the benefit or protection of the Bank and its interests shall continue to be in full force and effect as specifically provided in the Credit Facility Agreement.

D. Notwithstanding anything contained, the Bank is at liberty to cancel/suspend/ reduce any or all the facilities and to amend/alter/modify/vary the terms and conditions of the loan and also to recall the credit facility provided to the Borrower at any time during the continuance of credit facility, without assigning any reason whatsoever, if the Bank considers it necessary for the best interests of the Bank.

Section 8.6 - REVENUE RECOVERY PROCEEDINGS

Without prejudice to the right of the Bank to proceed against the Borrower(s) under the Civil Law for recovery of the amount, the Borrower(s) agree(s) that the Bank will be entitled to resort to Revenue Recovery Proceedings, wherever applicable, and the Collection charges as fixed by the Government from time to time, shall be payable by the Borrower(s) and the Bank /Government may recover such amounts from the Borrower(s) and/or security. The Borrower(s) hereby give(s) the Borrower(s) consent for the said loan being recovered as Public demand monies in terms of any legislation relating to recoveries thereof, where such consent is necessary under such legislation.

Section 8.7 – ASSIGNMENT OF DEBT AND SECURITY

Without prejudice to the right of the Bank to proceed against the borrower(s) under the civil law for recovery of the amount due, the Borrower(s) hereby give(s) consent that the Bank will be entitled to recover the dues, assign the debt and/or securities under the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and the Borrower(s) further agree(s) that he/she/they will be liable to pay the Bank all cost, charges and expenses incurred in that connection.

ARTICLE IX

CANCELLATION

Section 9.1 - CANCELLATION

The Borrower shall not cancel the Facility or any part thereof without the approval of the Bank.

Section 9.2 - BENEFIT OR PROTECTION

Notwithstanding any cancellation, all the provisions of the Credit Facility Agreement for the benefit or protection of the Bank and its interests shall continue to be in full force and effect as specifically provided in the Credit Facility Agreement.

ARTICLE X

WAIVER

Section 10 - WAIVER NOT TO IMPAIR THE RIGHTS OF THE BANK

No delay in exercising or omission to exercise any right, power or remedy accruing to the Bank upon any default or otherwise under the Credit Facility Agreement and/or the Transaction Documents shall impair any such right, power or remedy or shall be construed to be a waiver thereof or any acquiescence in such default, nor shall the action or inaction of the Bank in respect of any default or any acquiescence by it in any default, affect or impair any right, power or remedy of the Bank in respect of any other default. The rights of the Bank under the Credit Facility Agreement and the other Transaction Documents may be exercised as often as necessary, are cumulative and not exclusive of their rights under the general law and may be waived only in writing and specifically and at the Bank' sole discretion.

ARTICLE XI

MISCELLANEOUS

Section 11.1 – SERVICE OF NOTICE

a) All notices or other communications under or in connection with the Credit Facility Agreement and the other Transaction Documents shall be given by the Borrower in writing (unless otherwise specified / stipulated in the Credit Facility Agreement / the other Transaction Documents) to the Bank at the branch from where the Credit Facility was availed or such other address as may be specified by the Bank.

b) All notices or other communications under or in connection with the Credit Facility Agreement and the other Transaction Documents shall be given by the Bank in writing (unless otherwise specified / stipulated otherwise in the Credit Facility Agreement / the other Transaction Documents) to the Borrower at the recognized address of the Borrower. Such notice or other communication may be made by letter or facsimile or email or putting up on the website; any notice or communication so provided by the Bank by letter or facsimile shall be deemed to be effective :

if sent by letter, when delivered personally or if dispatched by post, when recall of the letter is outside the control of the sender;

if sent by facsimile, on receipt of a confirmation to the correct facsimile number).

The Borrower also acknowledges and confirms that notice, if any, provided by the Bank, as specified in this Section or in any other manner whatsoever, of any changes in rate(s) mentioned above or any notice from the Bank for payment of amounts at the changed rate(s), shall be treated by the Borrower as sufficient and reasonable notice to the Borrower and the Bank are not bound to issue any further notice of such changes to the Borrower.

Section 11.2 - EVIDENCE OF DEBT

a) The Bank shall maintain, in accordance with its usual practice, accounts evidencing the amounts from time to time lent by and/or owing to it under the Credit Facility Agreement and the other Transaction Documents.

b) In any legal action or proceedings arising out of or in connection with the Credit Facility Agreement, the entries made in the accounts maintained pursuant to Sub-clause (a) above shall be prima-facie and conclusive evidence of the existence and amount of obligations of the Borrower as therein recorded.

Section 11.3 - ACKNOWLEDGEMENT

Upon receipt of statement(s) giving details of: (i) the outstanding amounts under the respective Facility, (ii) the securities, if any, created for securing the Facility, the Borrower shall forward its acknowledgement of the aforesaid

indebtedness and the securities, if any, specified in the aforesaid statement(s), in the form prescribed by the Bank. In the event the Bank do not receive such acknowledgement from the Borrower within a period of ten days from the date of receipt of statement from the Bank, the Borrower shall be deemed to have confirmed the correctness of the entries in such statement(s) and acknowledged the indebtedness for the balance mentioned in the aforesaid statement(s) and the securities therefor.

Acknowledgement as stated above by any one of the Borrowers in the case of joint borrowing by more than one person or the Karta or any one of the partners or the authorized signatory (in case of body corporate/trusts/societies etc.) shall be deemed to be acknowledgement by all the Borrowers or all the members of the HUF or all the partners or the body corporate/trust/society etc. and shall be binding on the Borrower.

In the event the security is created by a third party for the Facility and all other monies in respect thereof, the Borrower shall ensure that the aforesaid acknowledgement/s are provided to the Bank in the form prescribed by the Bank.

Section 11.4 - **JURISDICTION**

The Bank may, in its absolute discretion, commence any legal action or proceedings arising out of the Credit Facility Agreement in any court, tribunal or other appropriate forum, and the Borrower hereby consents to that jurisdiction.

Section 11.5 – **GOVERNING LAW**

The Credit Facility Agreement and the other Transaction Documents (unless otherwise specified in any Transaction Document) shall be governed by and construed in accordance with the laws of India.

Section 11.6 - **ASSIGNMENT**

The Borrower shall not assign or transfer all or any of its rights, benefits or obligations under the Credit Facility Agreement and the other Transaction Documents without the approval of the Bank. The Bank may, at any time, assign, securitise, novate, transfer or dispose of all or any of its rights, benefits and obligations under the Credit Facility Agreement and the other Transaction Documents in any manner whatsoever without the consent of the Borrower. Notwithstanding any such assignment, transfer, etc. the Borrower shall, unless otherwise notified by the Bank, continue to make all payments under the Credit Facility Agreement to the Bank and all such payments when made to the Bank shall constitute a full discharge to the Borrower from all its liabilities in respect of such payments.

Without prejudice to the aforesaid provision, the Bank may (at its sole discretion), without notice to the Borrower, share the credit risk of the whole or a part of the Facility with any other bank by way of participation. Notwithstanding such participation, all rights, title, interests, special status and other benefits and privileges enjoyed or conferred upon or held by the Bank under the Credit Facility Agreement and the other Transaction Documents shall remain valid, effective and enforceable by the Bank on the same terms and conditions and the Borrower shall continue to discharge in full all its obligations under the Credit Facility Agreement and the other Transaction Documents to the Bank. The Borrower shall not have and shall not claim any privity of contract with such participating bank on account of any reason whatsoever.

Section 11.7 - **BENEFIT OF THE CREDIT FACILITY AGREEMENT**

Subject to what is provided hereinabove, the Credit Facility Agreement shall be binding upon and enure to the benefit of each party hereto and its successors and assigns.

Section 11.8 – **SEVERABILITY**

Any provision of the Credit Facility Agreement and/or any Transaction Document which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of prohibition or unenforceability but that shall not invalidate the remaining provisions of the Credit Facility Agreement and/or such Transaction Document or affect such provision in any other jurisdiction.

Section 11.9 -- **DISCLOSURE**

The Borrower hereby agrees, confirms and undertakes that:

- (1) the Bank shall, as they may deem appropriate and necessary, be entitled to disclose all or any:
 - (i) information and data relating to the Borrower;
 - (ii) information or data relating to the Facility or any other credit facility availed / to be availed by the Borrower from the Bank;
 - (iii) obligations assumed / to be assumed by the Borrower in relation to the Facility;
 - (iv) default, if any, committed by the Borrower in discharge of the aforesaid obligations,

to any agency/credit bureau (the "Agency") authorised in this behalf by RBI.

(2) The Agency so authorised may use, process the aforesaid information and data disclosed by the Bank in the manner as deemed fit by them.

(3) The Agency so authorised may furnish for consideration, the processed information and data or products thereof prepared by them, to banks / financial institutions and other credit grantors or registered users, as may be specified by RBI in this behalf.

(4) The information and data furnished by the Borrower to the Bank from time to time shall be true and correct.

(5) In case of default by the Borrower in repayment of the Facility or payment of interest thereon on the Due Dates, the Bank and/or the RBI will have an unqualified right to disclose or publish the name and photograph of the borrower or its directors as defaulters in such manner and through such medium as the Bank and/or RBI in their absolute discretion may think fit.

(6) The Bank shall also be entitled to disclose information etc. as stated above to any person as may be required / specified by applicable laws.

Section 11.10 – PROVISIONS RELATING TO PARTNERSHIP FIRM, HUF, PROPRIETARY CONCERN

In case the Borrower is an HUF:

i) The Bank shall at all times be informed of any changes in the constitution of the HUF by furnishing necessary documents and writings. The Borrower agrees that no change whatsoever in the constitution of the HUF (named in the Schedule to the Credit Facility Agreement) during the continuance/ validity of the Transaction Documents shall impair or discharge the liability of any one or all of the members/ coparceners of the HUF and shall be binding on the HUF, its estate, effects and successors.

ii) The Transaction Documents shall be enforceable against the Karta or any succeeding Karta of the HUF or against any and all the coparceners/ members of the HUF.

iii) The Karta, acting for HUF and in his personal capacity, and the other members/ coparceners of the joint HUF represent, warrant and confirm to the Bank that :

(a) they are members/ coparceners of the HUF;

(b) the signatories of the Credit Facility Agreement and the other Transaction Documents are the only coparceners/members of the HUF at present;

(c) the business carried on under the name and style given in the Credit Facility Agreement is their joint family trade which is binding on the minor members, if any, being ancestral trade/ business;

(d) the Credit Facility Agreement and the other Transaction Documents have been entered into for and on behalf of the HUF and the purpose for which the Facility is availed of and the transactions contemplated under the Credit Facility Agreement and the other Transaction Documents are a part of the HUF business/ trade referred to above;

(e) the HUF business / trade mentioned above is being conducted and managed by the members / coparceners of the HUF and all of them have been jointly and individually empowered to perform the terms of the Transaction Documents, against security or otherwise, and execute all necessary instruments, deeds, documents and writings and do all such acts, things and deeds as are necessary or incidental to the performance of the terms of the Transaction Documents, and also execute, draw, endorse, negotiate and sell cheques, bills, pro-notes, bills of exchange and other negotiable instruments on behalf of the HUF.

(f) The Karta, acting for the HUF and in his personal capacity, and the other coparceners/ members of the HUF indemnify and keep the Bank indemnified against all actions, claims, demands, proceedings, losses, damages, costs, charges and expenses whatsoever which the Bank may at any time incur, suffer, pay or sustain as a consequence of or by reason of or arising out of the transactions contemplated in the Transaction Documents, and hold themselves personally liable, jointly and severally, in respect of all transactions entered into with the Bank or obligations incurred under the Transaction Documents.

(g) All acts, deeds and things done and / or documents, confirmations, acknowledgements given / provided by any or some of the members / coparceners in connection with the Facility and the transactions contemplated under the Transaction Documents shall bind all the members/coparceners.

In case the Borrower is a proprietor:

The Borrower hereby represents, warrants, confirms and undertakes that:

(i) (s)he is the sole proprietor/ proprietress of the firm/concern named in the Credit Facility Agreement;

(ii) (s)he is solely responsible for the liabilities of the aforesaid firm/concern and will be liable personally for performance of all obligations under the Transaction Documents.

The proprietor of the proprietary firm/concern named in the Credit Facility Agreement indemnifies and keeps the Bank indemnified against all actions, claims, demands, proceedings, losses, damages, costs, charges and expenses whatsoever which the Bank may at any time incur, suffer, pay or sustain as a consequence of or by reason of or arising out of the transactions contemplated in the Transaction Documents, and hold themselves personally liable, jointly and severally, in respect of all transactions entered into with the Bank or obligations incurred under the Transaction Documents.

In case the Borrower is a partnership firm:

The Borrower agrees that no change whatsoever in the constitution of the partnership firm during the continuance/validity of the Credit Facility Agreement and the other Transaction Documents shall impair or discharge the liability of any one or all of the partners. In the event of death or retirement of any partner, the Bank shall at their discretion deal with the surviving and/or continuing partner/s, without affecting its rights as against the retiring partner or the heirs and legal representatives of the deceased partner, as the Bank shall think fit and proper, and the retiring partner and / or the heirs, executors, administrators, legal representatives of the deceased partner shall have no claim as against the Bank in respect of such dealing.

The Borrower confirms that:

- (i) the partners named in the Credit Facility Agreement are the only partners of the firm;
- (ii) they shall advise the Bank in writing of any changes which may take place in the partnership;
- (iii) the partners will not dissolve / reconstitute the partnership firm without the approval of the Bank;
- (iv) all the partners are jointly and severally liable to the Bank for performance of all obligations under the Credit Facility Agreement and the other Transaction Documents.

The partners in their personal capacity and as partners of the firm named in the Credit Facility Agreement indemnify and keep the Bank indemnified against all actions, claims, demands, proceedings, losses, damages, costs, charges and expenses whatsoever which the Bank may at any time incur, suffer, pay or sustain as a consequence of or by reason of or arising out of the transactions contemplated in the Transaction Documents, and hold themselves personally liable, jointly and severally, in respect of all transactions entered into with the Bank or obligations incurred under the Transaction Documents.

All acts, deeds and things done and / or documents, confirmations, acknowledgements given / provided by any or some of the partners in connection with the Facility and all transactions contemplated under the Transaction Documents shall bind all the partners.

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I/We have read and understood the ‘General Terms and Conditions’ from page No.1 to 28 and I/We undertake to abide by the same to the extent such terms and conditions are applicable to me/us in respect of the Credit Facility(ies) availed/to be availed from The South Indian Bank Ltd.

Signature of Borrower