

(To be stamped as an agreement)

CREDIT FACILITY AGREEMENT

(FOR ADVANCE AGAINST SUPPLY BILLS)

BETWEEN

____ **Insert the name of the Borrower** ____

AND

THE SOUTH INDIAN BANK LTD

Amount	Rs.
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This forms part of the Agreement for credit facility executed between ____ **Insert the name of the Borrower** ____ and **The South Indian Bank Ltd.** dated _____

Borrower

The South Indian Bank Ltd.

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

WHEREAS in the course of the business the Borrower enters into contracts for sale of goods with several Purchasers including Governments/ Railways/ other Statutory Bodies/ Corporations (hereinafter termed the '**Purchasers**') and whereas the payments in respect of supply of goods made in terms of such contracts are received with some delay and the Borrower is desirous of availing financial assistance against such supplies made from time to time.

WHEREAS AT THE REQUEST OF THE BORROWER, the Bank has granted/agreed to grant Advance against Supply Bills(Hereinafter referred to as the "**Facility**", which expression shall as the context may permit or require, mean any or each of the Facility granted by the Bank, or so much thereof as may be outstanding from time to time) uptothe aggregate limit for the amount more particularly mentioned in Schedule I(d) hereto, provided the amounts receivable by the Borrower under the several contracts of sale in respect of which advance are sought are made payable to the Bank direct either by tendering supply bills for the amounts in accordance with the relative contracts of sale or by executing necessary letters of authority and other necessary documents in conformity with terms of contract in favour of the Bank and whereas the Borrower has agreed to these conditions as well as the terms and conditions contained in the Sanction Letter.

NOW IT IS HEREBY AGREED, DECLARED, RECORDED AND CONFIRMED AS FOLLOWS:-

IN CONSIDERATION OF the Bank having granted/agreed to grant the facilityto the extent of the sum more particularly mentioned in Schedule 1(d) hereto,at their absolute discretion, the Borrower hereby agrees, covenants, confirms and records the terms and conditions (the terms and conditions herein described being liable to be altered/amended at the sole discretion of the bank.) upon which the facility is granted as under:-

ARTICLE I

DEFINITIONS

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

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

"MCLR" means Marginal Cost of Funds based lending rate, which is a tenure linked benchmark, arrived based on the corresponding tenure of a particular advance/ facility.

The actual lending rate shall be determined by adding the components of Spread to MCLR (of appropriate tenure). MCLR of different tenures shall be reviewed and published by the Bank on the 1st day of every month. The interest rate in a particular loan account will be changed only on the Reset date/ period, irrespective of tenure of MCLR or interim changes in the rates of MCLR. The revised rates (prevailing on the date of reset) shall be made applicable to the loans/ facilities extended, from the 1st day of the corresponding month of the reset period expiry (for the initial reset), irrespective of the actual date of availing and subsequent reset shall be on the 1st day of the corresponding month of reset period fixed.

MCLR prevailing on the date of first disbursement shall be applicable and rate of interest will remain unchanged until the date of next reset, irrespective of interim changes in MCLR.

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

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

ARTICLE II

TERMS OF THE FACILITY

2.1 PREAMBLE

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

2.2 GENERAL TERMS AND CONDITIONS

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

2.3 BASIS OF AGREEMENT

The Borrower’s Application and subsequent correspondence if any, with the Bank (hereinafter collectively referred to as “the Borrower’s proposals”) and Bank’s sanction letter referred to above shall be deemed to constitute the basis of this Agreement and of the credit facilities.

2.4 BORROWER’S WARRANTY

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

costs, charges and expenses and all other moneys debited or which may be debited to the account(s).

b) The Borrower undertakes that the supply bills discounted under the limits shall not outstanding beyond the days as specified under Schedule 1 (e) of this agreement.

c) The Borrower agrees that the bank shall be entitled to charge commission, interest and other incidental charges at such rate as the Bank may charge for this kind of advance in its regular/usual course of business in accordance with RBI directives, if any, from time to time or as decided by the bank from time to time.

d) The Borrower agrees that the supply bills tendered by the Borrower and purchased by the bank will be paid and retired promptly on the due date and in the event of any such bill(s) becoming unpaid the Borrower specifically agrees to effect payment of the same immediately on notice being given to him therefore. In the event of failure to effect payment on demand, the Borrower agrees to pay interest UPTO BANK'S MCLR PLUS THE MAXIMUM OF CUSTOMER SPECIFIC CHARGES (SPREAD), compounded with monthly rests or at such lending rate or rests that the bank determine to charge from time to time in terms of directives of RBI or otherwise at its discretion from the due dates of such bill(s) such interest calculated at monthly rest or such other rest as may be decided by the Bank as per the directives of RBI shall form part of principal. The Borrower also agrees to pay penal interest @ 2% p.a. or such other rate fixed by the Bank and/or RBI, over and above the interest mentioned hereinabove.

2.5 SPECIAL CONDITIONS

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

ARTICLE III

AMOUNT DUE TO THE BORROWER UNDER SUPPLY BILLS

3.1 DOCUMENTS TO BE PRODUCED FOR ADVANCE AGAINST SUPPLY BILLS

Whenever the Borrower desires to avail advance against any supplies of goods made, the Borrower shall produce copies of relative contracts of sale and all other documents as are required to be produced under the contracts of sale. The Borrower shall also tender separate supply bills in favour of the Bank or its order in terms of the relative contracts of sale. If supply bills are not required to be tendered, the Borrower shall execute in favour of the Bank an irrevocable letter of authority empowering the Bank to receive amounts directly from the Purchaser.

3.2 BANK'S RIGHT TO PROCEEDS OF BILLS

a) The Borrower understands that he shall have no rights whatsoever to demand the proceeds of such bills from the Bank or lay claims on the proceeds unless all the amounts due to the Bank are fully paid. The Borrower also hereby agrees to execute power(s) of attorney in such forms as may be required by the Bank to receive the amounts payable by the purchasers under the forms of contracts of sale.

b) For all amounts due to the Bank under this agreement from time to time, the Bank shall have a first charge over the amounts receivable by the Borrower in respect of supplies made

to the purchasers from time to time against which the Borrower has drawn supply bills or any other similar type of instrument and obtained advances from the Bank thereon. The Borrower confirms that the said amounts receivable are free from any charge or encumbrance and undertakes not to create hereafter any charge, encumbrance, assignment or any type of interest in favour of any other person over the said amounts receivable in preference to the first charge created in favour of the Bank.

c) If the Borrower should receive any payment direct from the Purchasers (in respect of which advance has been obtained from the Bank) either by way of cash, cheque or otherwise, such payments shall be held by the Borrower in trust for the Bank and shall be earmarked as "Bank's Property" and the Borrower shall immediately make over such payments to the Bank. Where such payments are received by means of cheque, draft or otherwise, the instrument shall be duly endorsed in favour of the Bank by the Borrower and delivered to the Bank.

d) If the Purchasers do not pay the amounts payable under the terms of the contract of sale or any part thereof for any reason whatsoever, the Borrower shall immediately on demand reimburse the amount of advance made by the Bank together with interest, costs, charges etc. The Borrower expressly waives notice of dishonour of the Bills. The Bank, however, shall be free to give such time for payment of bills by the Purchasers as the Bank may deem fit, without prejudice to its rights to demand reimbursement from the Borrower at any time. The Borrower further agrees that the Bank shall be entitled to debit the amount of all dishonoured bills to the borrowers account, whether such account be for the time being in credit or overdrawn and if the account be or becomes overdrawn, the amounts of dishonoured bills and charges debited to the account shall be repayable to the Bank with applicable rate of interest.

3.3 BORROWER'S DECLARATION

The Borrower hereby declares that there are no arrears of income tax and/or other taxes/levies/cess etc. and further undertakes to ensure that whatever assessment, that may hereafter be levied against the Borrower by way of Income Tax and/or other taxes/levies/cess etc. shall be duly paid and satisfied by the Borrower. The Borrower also declares that there has not been any breach of contract entered into by the Borrower with the Purchasers and further undertakes to ensure that all present as well as future contracts shall be duly fulfilled and performed. The Borrower acknowledges that Bank has agreed to discount/make advance against Supply Bills relying, inter alia, on the faith of the above representation.

ARTICLE IV

MISCELLANEOUS

4.1 INTERPRETATIONS AND CONSTRUCTION OF THE AGREEMENT

For the purposes of interpretation and construction of this agreement:

- a) Words importing one gender include the other;
- b) Words importing the singular or plural number include the plural and singular numbers respectively;
- c) Any schedule, and the provision and conditions contained in such schedule will have the same effect as if set out in the body of the agreement. In the event of any conflict between the Schedule and the body of this agreement, the provisions and conditions in the Schedule of this agreement will prevail.

d) The Section Headings or Chapter Headings used in this Agreement are intended for convenience only and shall not be used in interpreting this agreement or in determining any of the rights/ obligations of the parties to the Agreement.

4.2 SEVERABILITY OF PROVISIONS

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

4.3 WAIVER OF RIGHTS INCONSISTENT TO THE AGREEMENT

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

4.4 VALIDITY OF THE AGREEMENT

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

Borrower

The South Indian Bank Ltd.

SCHEDULE – I

a.	Date and Place of Agreement	
b.	Details of the Borrower(s)	
	Name of the Borrower(s)	
	Constitution of the Borrower(s)	
	PAN/ TAN/ CIN of the Borrower	
	Name(s) of the signatories/ authorised signatory(ies)	
	Address of the Borrower	
	Fax No/s.	
	E-mail id	
	Phone No/s.	
	Attn: Mr./Ms.	
c.	Details of the Branch	
	Place of the Branch	
	Address of the Branch	
	Fax No/s.	
	E-mail id	
	Phone No/s.	
d.	Details of facility	
	Date of Sanction letter (LD 1100/ 1100A)	
	Nature of loan	
	Amount of facility (in figures)	
	Amount of facility (in words)	
e.	The supply bills discounted under the limits will not outstand beyond a period of _____ days.	

SCHEDULE - II SPECIAL CONDITIONS

Borrower

The South Indian Bank Ltd.