

This Document is prescribed when the security is stocks, book debts and movable fixed assets. No individual documents (CCD13,14,15 need be taken)

COMPOSITE HYPOTHECATION DEED
(Current Assets, Movables, Plant & Machinery]

THIS DEED OF HYPOTHECATION executed at _____ on _____ by Shri. _____, son/daughter of Shri. _____, aged ____ years, residing at _____ ||OR|| _____ (Name of the Company) incorporated under the Companies Act, 1956 and having its registered office at _____ through its authorized signatories Shri _____ and Shri _____-||OR|| _____, a Partnership Firm carrying on its partnership business under the Partnership Act, 1932 and having its office at _____ through its partners Shri _____, and Shri _____ ||OR|| M/s. _____, a Proprietorship Concern having its office at _____, through its sole Proprietor Shri _____ ||OR|| _____, a trust/society, and registered under the _____ having its office at _____ through its authorised signatory Shri _____ ||OR|| _____, a Hindu Undivided Family, through its coparceners and members (hereinafter referred to as the “**Borrower**” which expression shall unless excluded or repugnant to the context or meaning thereof shall include its successors and assigns)

IN FAVOUR OF

Axis BANK LTD, a Company incorporated under the Companies Act, 1956, carrying on the Banking business under the provisions of Banking Regulation Act, 1949 and having its Registered Office at 'Trishul', 3rd Floor, Opposite Samartheshwar Temple, Law Garden, Ellis Bridge, Ahmedabad 380 006, Gujarat and Corporate office at Axis House, Wadia International Centre, Pandurang Bhudkar Marg, Worli, Mumbai-25 and a branch at _____ (hereinafter referred to as the “**Bank**” which term unless the context otherwise requires includes its successors and assigns)

WHEREAS

At the Borrower's request, the Bank agrees/has agreed to grant/granted or to continue to grant to the Borrower, credit facility in the form of _____ aggregating to Rupees _____ only (hereinafter referred to as the “Credit Facility”) vide its sanction letter no. _____ dated _____ (hereinafter referred to as the said "sanction letter") to be secured in the manner as follows:

In consideration of the premises as stated above the Borrower hereby agrees as follows:

1. The Borrower hereby **hypothecates by way of first charge in favour of the bank to secure the said credit facility:**
all the stock in trade both present and future consisting stock including raw material, stock in process, finished goods, cash, and other current assets whatsoever, being movable

properties now or at any time hereafter belonging to the Borrower or at my/our disposal and now or at any time and from time to time hereafter stored or be stored or brought into or upon or in course of transit to my/our factory or premises or at any other place whatsoever and wheresoever in my/our possession or occupation or at any other premises or place (all of which herein after collectively referred to as "**stock**"), and outstanding monies receivable, claims and bills which are now due and owing or which may at any time hereafter during the continuance of this security become due and owing to the Borrower in the course of its business by any person, firm, company or body corporate or by the Government Department or office or any Municipal or Local or Public or Semi Government body or authority or any body corporate or undertaking or project whatever in the public sector (the said "**debts**") (all of which are hereinafter referred to as "**Current assets**" and more particularly described in the Schedule II C hereto);

2. The Borrower hereby also **hypothecates by way of first charge in favour of the bank to secure the said Credit Facility** all the movable fixed assets both present and future consisting of plant, machinery spares, tools and accessories, fixtures, implements, fittings and other installations, furniture, vehicles, computers and all other articles, equipments and things both present and future whether installed and or fastened to earth or not, whether lying loose or in cases, at site or in transit or which may at any time hereafter during the continuance of this security be installed or lying loose or in cases of being in or upon or about the Borrower's factory premises, warehouses and Godowns at _____ or wherever else the same may be or be held by any party anywhere to the order and disposition of the Borrower or in the course of transit to the Borrower described in general terms in the schedule hereto (all of which are hereinafter referred to as "**Movable Properties**" and more particularly described in the Schedule II A & B);

The 'Current Assets ' and the 'Movable Properties' are hereinafter collectively referred to as the "Hypothecated Properties"

3. That the said Credit Facility hereunder granted or continued by the bank shall be applied and utilized by the Borrower in the ordinary course and only for the purpose for which the said Credit Facility is granted.
4. That all the Hypothecated Properties and all sales and realizations and Insurance proceeds thereof from all or any of them shall be held by the Borrower in trust for and on account of the Bank as the Bank's exclusive property especially appropriated to this security and the Borrower shall not create any charge, lien or encumbrance affecting them or any part thereof or do anything which would prejudicially affect this security and the Borrower shall not part with the Hypothecated properties save and except by way of sale in the ordinary course of the Borrower's business and as herein under provided, nor shall any sale be made after prohibition in writing by the Bank against selling and as regards the Hypothecated Properties in Schedule II A the same shall not be sold or alienated unless specifically permitted by the Bank.
5. That the Borrower shall be at liberty from time to time to sell or dispose of in any manner, the Hypothecated Properties in Schedule II B or any part thereof in due course of business

PROVIDED the Borrower shall on any such sale on receipt of the documents or sale proceeds deliver the documents or pay the sale proceeds to the Bank towards reduction of the Borrower's liability or good of a similar nature to those or any of those mentioned in the schedule hereto and of at least equal value are substituted for the goods so sold or disposed of and the margin required on the security is fully maintained.

6. That the Borrower shall permit the Bank, their agents and servants from time to time and at all times to enter upon any godown or premises wherein the Hypothecated Properties or any part thereof and/or all records of the Borrower may for the time being be, and to view, inspect and value the same and make inventories thereof and render to the Bank and their agents all facilities as maybe required for any of the purposes aforesaid. All costs, charges and expenses incurred by the Bank or anything incidental to such inspection and valuation, possession and removal shall be paid by the Borrower to the Bank and if not paid be debited to the Borrower's account which shall attract interest at the rate hereinafter mentioned. Any such valuation shall be conclusive and binding on the Borrower.
7. That the Borrower shall at the Borrower's risk cost and expenses preserve the Hypothecated properties in good condition and recondition the same from time to time. The borrower shall put necessary notice board indicating hypothecation charge in favour of the Bank over the Hypothecated properties in a conspicuous part of godowns/premises where all or any of the Hypothecated Properties is situated/stored/processes. The Borrower shall punctually pay all rents, rates, taxes, cesses, duties and other outgoing of the factory premises and godown wherein the Hypothecated Properties shall be and keep the Hypothecated properties free from distress. In default, the Bank may without affecting its rights hereunder or at law and without being bound to do so pay such rents, rates, taxes, cess, duties and other outgoings and any such amount paid by the Bank shall be repaid by the Borrower on demand and in default of such payment the said amount shall be debited to such account/s of the Borrower as the Bank shall think fit and shall carry interest at the rate hereinafter mentioned and be a charge on the Hypothecated properties.
8. (a) That all the Hypothecated Properties, which is the subject matter of this Deed, shall be insured by the Borrower against loss or damage by fire, theft, robbery, lightening, riot civil commotion, malicious damages, strikes and/or any other risk as the Borrower may think necessary or as may be required by the Bank in its discretion in the joint name of the Borrower and the Bank with an Insurance company/Companies approved by the Bank to the extent of at least 10% in excess of actual value of the Hypothecated Properties and the Borrower shall punctually pay the premium due for such insurance and that the cover note/s or the insurance policy/policies or certificate/s or copies thereof shall be delivered to the Bank.

(b) If Borrower fails to effect such insurance the Bank may, but without being bound to do so insure the hypothecated properties against any one or more the aforesaid risks as may be deemed necessary by the Bank in its discretion in such joint names and any premium and other charges paid by the Bank shall be paid by the Borrower and until payment is received the said amount shall be debited to such account of the Borrower as aforesaid as

the case may be and until repayment interest at the rate hereinafter mentioned shall be charged on the said amount.

(c) In the event of loss, destruction by fire or otherwise or damage to the hypothecated properties or any part thereof, the Bank shall be entitled to recover and receive all monies payable under the insurance. In the event of the Bank not receiving the entire amount payable for any reason whatsoever the Borrower shall be bound to pay forthwith the entire balance due to the Bank.

(d) All sums of money recovered or received under the last preceding clause may at the discretion of the Bank be applied either towards repairing/replacing/reinstating the Hypothecated Properties or be applied towards the liquidation and satisfaction of the balance due to the Bank and if any part of the insurance monies shall remain in the hands of the Bank after such application as aforesaid, the Bank shall be entitled to apply the same towards any other sum/sums of money which may be due and owing by the Borrower to the Bank on any other account whatsoever. If after settlement of all claims of the Bank against the Borrower any surplus remains, such surplus shall remain at the disposal of the Borrower but if the sum or sums of money realized from the insurance be insufficient to cover the balance due to the Bank and other monies due to the Bank as aforesaid the Borrower agrees forthwith to repay to the Bank the deficiency on demand.

(e) The Bank shall be entitled to adjust, settle, compromise or refer to arbitration any dispute between the insurance company and the Borrower arising under or in connection with the insurance policy and such adjustment, settlement, compromise and any award made on such arbitration shall be valid and binding on the Borrower. The Borrower shall as and when called upon by the Bank give all necessary assistance necessary to enable the Bank to recover the amount of insurance claim.

(f) The Borrower shall not at any time raise any question that a larger sum might or ought to have been received under such settlement, compromise or award as the case may be or be entitled to dispute its liability for the balance remaining due to the Bank.

9. (a) Subject to clause 9(c) below the Borrower shall pay interest to the Bank in respect of the said Credit Facility from time to time on the outstanding in their respective Credit Facility account at the respective rate/s as contained in the sanction advice forming part of the Schedule I hereunder written PROVIDED HOWEVER the Bank shall at any time or from time to time be entitled to change or vary the rate of interest from time to time as per the directions of the Reserve Bank of India/or as per Prime lending Rate/Prime Term Lending Rate/Marginal Cost of Funds Based Lending Rate fixed by the Bank is waived. Such variation in the rate notified in the Notice Board in the Bank premises shall be sufficient notice to the Borrower and Borrower agrees to pay interest at the rate notified in the notice board from time to time until all dues are cleared in full. Provided further that the interest payable by the Borrower shall be subject to the change in Prime lending Rate/Prime Term Lending Rate/Marginal Cost of Funds Based Lending Rate of the Bank from time to time as determined and/or interest that may be levied/prescribed by the Bank and/or RBI from time to time and this Deed shall be construed as if such revised rate/s of interest were

already mentioned in the said Schedule and agreed to be paid by the Borrower and hereby secured. The Bank shall be entitled to demand payment of interest for the time being due or other amounts payable by the Borrower under these presents without at the same time demanding payment of the balance due to the Bank inclusive of such interest or other amounts.

(b) Interest payable at the rate/s aforesaid shall be calculated on the daily debit balance in cash credit, current account, Term Loan and other Credit Facility/account (s) and charged accordingly in the said account(s) of each month or quarter or half - year as the Bank may decide, provided however the Borrower shall also be bound to pay the interest accrued in the respective accounts as per terms of this Deed but not actually debited to the respective accounts.

(c) In the event of the Borrower not paying any amount due on account of interest, fees, costs, charge and expenses payable from time to time under these presents the Bank shall be at its discretion entitled to debit or charge such amount(s) to any of the Credit Facility account(s) namely the Overdraft Account, Cash Credit Account, Current Account or any other account of the Borrower. Any amount(s) so debited to the overdraft account, cash credit account, current account or any other account of the Borrower with the Bank shall form part of the account(s) to which such amount (s) is/are debited and shall carry interest at the rate or rates in force at the relevant time applicable to the account(s) to which the amount(s) is/are so debited.

10 (A) In the event of one or more of the following events occurring, viz,

- (a) If the Borrower makes default in payment on demand of the balance due to the Bank, the payment whereof is hereby secured or in the performance or observance of any term or undertaking contained in this Deed and on the part of the Borrower to be observed and performed;
- (b) If any of the representations made by the Borrower in the application for granting the said Credit Facility is found to be untrue or false.
- (c) If the Borrower commits default in repayment of any installment of the principal or interest in such winding up is filed or notice of a meeting to pass such a resolution issued;
- (d) If an Order is made or a resolution passed for the winding up of the Borrower or a Petition for such winding up is filed or notice of a meeting to pass such a resolution issued;
- (e) If the Borrower shall become bankrupt or is adjudicated an insolvent or an insolvency petition is filed against the Borrower;
- (f) If the Borrower enters into a composition with its creditors;
- (g) If a Receiver is appointed of the Borrower of all or any of the property of the Borrower;
- (h) If the Borrower ceases or threatens to cease to carry on business;
- (i) If any execution or other similar process is levied or issued against the Borrower;
- (j) If any circumstances shall occur which in the opinion of the Bank is prejudicial or imperils or is likely to prejudice or imperil the security of the Bank.

The entire Credit Facility/advance outstanding under the said Credit Facility forthwith become payable and the Bank shall be at liberty to recall the entire Credit Facility and/or to realize the security hereby created. (The Bank shall be the sole judge to determine whether any of the event stated above has actually occurred or not and the Bank may at its full discretion decide either to recall the advances or to enforce the securities or to continue the said Credit Facility after the occurrence of such event)

- (B) That on the happening of any of the event above stated above, if the Bank decides for realization of security, the Bank's official/s or any person authorized by the Bank may at any time/s' enter the premises or place where the Hypothecated Properties may be and take and retain possession of the Hypothecated properties and seize and recover or remove the Hypothecated Properties to any place or places as the Bank shall think fit with or without notice to the Borrower and for those purpose or any of them break open any place/s where the Hypothecated Properties may be installed, lying or stored. The Borrower shall on being required by the Bank take all steps necessary to give to the Bank or its nominee/s possession and control of the Hypothecated Properties and for that purpose the Borrower shall endorse or deliver to the Bank all documents and do all such acts and things as may be required by the Bank.
- (C) After the Bank shall have taken possession of, seized and/or removed the Hypothecated Properties as aforesaid, the Borrower shall from time to time on demand by the Bank forthwith pay all rents chargeable in respect of any place or places of storage where the Hypothecated Properties shall have been stored, salary and wages of watchmen, peons or any other persons employed by the Bank and all other charges, costs and expenses incurred or paid or chargeable by the Bank in the exercise of and give effect to the powers vested in the Bank.
- (D) The Hypothecated Properties thus taken possession of or any part thereof may be sold by public auction or private treaty and/or otherwise disposed of as the Bank may deem fit. The Bank shall be entitled to deduct and appropriate from the sale proceeds all or any expenses incurred or paid or chargeable in connection with the exercise of the powers of the Bank and the Bank will be entitled to appropriate the net sale proceeds towards the balance due to the Bank under this Deed and the Bank shall also be at liberty to enforce, realize, settle, compromise, deal with any of the rights aforesaid without being bound to exercise any of the powers or being liable for any loss incurred in the exercise thereof and without prejudice to the Bank's rights and remedies of suit or otherwise against the Borrower and the Borrower hereby agrees to sign all such documents, furnish all such information, deliver all relative documents and do all such acts and things as may be required by the Bank for enabling or facilitating any such sale or realization of or dealing with the Hypothecated Properties or any rights as aforesaid and the Borrower hereby further agrees to accept the Bank's account of realisation and to pay any shortfall or deficiency therein shown.

- 11 That if the net sum realized by such sale be insufficient to cover the balance then due to the Bank, the Bank shall be at liberty to apply any other money or monies in the hands of the Bank standing to the credit of or belonging to the Borrower in or towards payment of the balance for the time being due to the Bank and in the event of there not being any such money or monies as aforesaid in the hands of the bank or in the event of such money or monies being still insufficient for the discharge in full of such balance the Borrower promises and agrees forthwith, on production of an account prepared and signed as hereinafter provided, to pay any further balance which may appear to be due by the Borrower thereon **PROVIDED ALWAYS** that nothing herein contained shall be deemed to negative, qualify or otherwise prejudicially affect, the right of the Bank (which it is hereby expressly agreed the Borrower to the Bank upon the said Account or Accounts notwithstanding that all or any of the said Hypothecated Properties may not have been realized for any reason whatsoever.
- 12 That in the event of there being a surplus available of the net proceeds of such sale after payment in full of the balance due to the Bank it shall be lawful for the Bank to retain and apply the said surplus together with any other money or monies belonging to the Borrower for the time being in the hands of the Bank in or under whatever account as far as the same shall extend against in or towards payment or liquidation of any and all other monies which shall be or may become due from the Borrower whether solely or jointly with any other person or persons, firm or company to the Bank by way of Credit Facilities, Discounted Bills, letter of Credit, Guarantees, charges or of any other debt or liability including Bills, Notes, Credits and other obligations current though not then due or payable or other demands, legal or equitable which the Bank may have against the Borrower whether the Borrower shall become or be adjudicated bankrupt or insolvent or be in liquidation or otherwise, and interest thereon from the date on which any advance/advances in respect thereof shall have been made at the rate or respective rates at which the same shall have been so advances.
- 13 Without prejudice to the provisions contained in Clause 10 above, the Bank shall be entitled to appoint any Receiver, Manager or other person to exercise all or any of the powers hereby vested in the bank with reference to the security hereby created and shall be entitled to recover and receive from the Borrower the remuneration and/or alternatively charges of such Receiver, Manager or other person. The Bank shall not be liable and shall be entitled to be indemnified and kept indemnified by the Borrower for and in respect of all acts, defaults, negligence and mistakes (whether arising in the usual course of business or otherwise of any such Receiver, Manager or person) and all losses, claims, demands, suits, proceedings, costs, charges and expenses sustained or made in respect thereof.
- 14 That the Borrower agrees to accept as conclusive proof the correctness of any sum claimed to be due from the Borrower to the Bank under this Deed statement of account made out from the books of the Bank and signed by the accountant or other duly authorised officer of the Bank without the production of any other voucher, document or paper. The Borrower also agrees to repay the amount accrued but not debited to the account/s.

- 15 That this Deed is to operate as continuing security for the ultimate balance or aggregate balances with interest thereon to become payable upon the said accounts as aforesaid and the said account or accounts is/are not to be considered to be closed for the purpose of this security and the security is not to be considered exhausted merely by reason of the said account or accounts or either or any of them being brought to credit at any time or from time to time or of the Borrower having drawn to the full extent of the limits granted for respective accounts if afterwards an account or accounts is/are reopened by a payment to credit, and if the whole of Credit Facility or the whole the Bank's advances shall be repaid and the whole of the security be withdrawn the account or accounts or either or any of them may nevertheless at any time before such account or accounts has or have been closed be continued under this Deed upon security as aforesaid being again furnished.
- 16 That the Borrower hereby declares that all the Hypothecated Properties are the absolute property of the Borrower at the sole disposal of the Borrower and free from any prior charge or encumbrance and that all future goods and property hereunder shall be likewise their unencumbered property and that the Borrower has not done or knowingly suffered or been a party or privy to anything whereby he is anyway prevented from hypothecating the hypothecated properties in the manner aforesaid and assuring the hypothecated properties or any part thereof in favour of the Bank as shall be required by the Bank and/or/their; officer/s, attorney/s for and in the name of the Borrower to act on behalf of the Borrower and to execute and do any act, assurance and things which the Borrower ought to execute and do under these presents and generally to do all the acts in the name of the Borrower in exercise of the powers hereby conferred.
- 17 That the borrower shall not during the continuance of this Deed hypothecate or otherwise charge or encumber any of the hypothecated properties over which the lien of the Bank shall extend or be expressed or intended to extend to others nor do or permit any act whereby the security hereinbefore expressed to be given the Bank shall be in way prejudicially affected, and that the borrower shall not open any other Bank Account or avail credit facility from any other Bank/institution without the express written consent of the bank.
- 18 No changes whatsoever that may take place in the constitution of the Borrower or Bank (Whether by amalgamation or otherwise) shall impair or discharge the liability of the Borrower hereunder, it is hereby agreed that the Borrower shall execute separate Credit Facility Agreement or any other document as may be stipulated by the Bank, notwithstanding creation of charge over the goods/Machinery/Plant/Implements, if any purchased out of such Credit Facility being covered by these Presents.
- 19 In the event of default as specified in Clause 10 above, the Bank shall without prejudice to other rights available to the Bank shall also at its discretion in exercise of its right of set off appropriate any deposits standing to the credit of the Borrower either singly or jointly towards the dues of the Bank in respect of the said Credit Facility under this Deed. The Bank shall also have a right of general lien on any of the securities in the custody of the Bank other than those available under this Deed and those items in safe custody standing in the name of the Borrower.

- 20 Delay in exercising or omission to exercise any right, power or remedy accruing to the Bank or its representatives/agents, upon any default under this Deed shall not impair any of the Bank's rights/remedies/powers nor 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, affect or impair any right/power or remedy of the Bank in respect of any other default.
- 21 It is hereby further agreed by the Borrower that the sanction letter/s issued by the Bank sanctioning the said Credit Facility shall always be deemed to form part of this Deed and be deemed to be incorporated herein provided in the event of any conflict between such sanction letter/s and these presents the provision contained in this Deed shall prevail and take precedence.
- 22 The Borrower further agrees that if the advance is eligible for the cover of the Credit Guarantee Fund Scheme formulated by Small Industries Development Bank of India or any other such Scheme formulated by the Government of India, the Borrower agrees to pay the guarantee fee and annual service fee thereon and in the absence of such payment Bank may debit the current or cash credit account of the Borrower for the said amount/s and it is further agreed that such payment/debit shall not reduce the liability of the Borrower under these presents.
- 23 Any notice or demand to be given or made to Borrower shall be deemed to have been duly given or made if addressed to the Borrower or any of the individuals constituting the Borrower personally or may be left at the last known place of business or residence of the Borrower or may be sent by post to the Borrower or any of such individuals as aforesaid and if sent by post such notice shall be deemed to have been given at the time when it would be delivered in due course of post and in proving such notice when given by post it shall be sufficient to prove the envelope containing the notice so posted and a certificate signed by the Bank's Manager or agent that the envelope was so posted shall be conclusive.
- 24 The Borrower agrees that the Bank at its discretion will charge and recover from the Borrower, a commitment fee at a rate which may be stipulated by it, on the unutilized portion of the said Credit Facility, for the period utilization of the credit limit remains below the sanctioned limit/drawing power.
- 25 The Borrower expressly agree that any notice addressed to any one of the Borrower regarding revision in the rate of interest or/and any other terms of sanction governing the said credit facility, shall be deemed to be notice given to all and such notice shall be sufficient and binding on all of us and each one of us expressly authorises the others severally to receive such notice on each one's behalf. (Applicable to partnership firms and multiple Borrowers)
- 26 In the event of the closure of the factory or stoppage of work due to strike, lock-out, mechanical breakdown, want of raw materials, non-movement of finished goods, power

shortage or/and for any other reason, intimation will be sent to the Bank by the Borrower within 3 days of the occurrence of closure or stoppage of work.

- 27 Without prejudice to the general terms and conditions in this Deed, the Borrower hereby consents inter alia for the specific terms with regard to the Cash Credit (Book Debts) Facility as under:

- (a) That the Borrower shall submit stock statement to the Bank at regular intervals as stipulated by the Bank and also to maintain stipulated margin.
- (b) That the hypothecated stock shall be sold or disposed of in such a manner that the advance value of the goods is paid to the Bank towards reduction of the Borrower's liability or goods of similar nature is substituted for the goods to be disposed of.

- 28 As regards the Cash Credit (Book Debts) facility, the Borrower inter alia (without prejudice to the general terms) agrees to the following terms:

- (a) The Borrower shall submit a statement of Book debts on a monthly basis or at such other intervals as advised by the Bank
- (b) The Borrower shall endeavor to follow up with the debtors to enable the bank to obtain the payment of the debts on their respective due dates
- (c) The Borrower shall not release or compound any of the said debts without the consent in writing of the Bank and will not do anything impeding recovery of the debts by the Bank
- (d) The Borrower hereby appoints the Bank as its agent or Attorney in its name and on its behalf on demand, sue for, recover and give effectual discharges for all or any of the book debts hereby hypothecated to the Bank and for that purpose to file suits, to declare complaints, make affidavits, to employ advocates, to compromise and do all other acts and things as could have been done by the Borrower for the recovery of the debts.

29 **Assignment and Transfer**

The Bank shall have a right to sell or transfer (by way of assignment, securitisation or otherwise) whole or part of the Credit Facility and outstanding amounts under the Credit Facility or any other rights and obligations of the Bank under this Deed or any other document pursuant hereto to any person/entity in a manner or under or under such terms and conditions as the Bank may decide in its sole discretion without reference to or intimation to the Borrower.

The Borrower expressly agrees, in the event of sale or transfer as aforesaid, to accept such person to whom the Credit Facility is sold or transferred as his lender and make the repayment of the Credit Facility to such person as may be directed by the Bank.

The Borrower shall not be entitled to directly or indirectly assign his rights or obligations under this Deed in part or in whole to any person.

- 30 Interest on the Credit Facility shall be computed and debited to the Loan Account taking the basis of 365 days a year. The interest computation shall follow the formula as below:
$$(\text{Rate of Interest (\%)} \div 365 \text{ or } 366 \text{ for leap year}) \times \text{End of Day Outstanding} \times \text{Number of Days}.$$
- 31 The Bank shall be entitled to recover from the Borrower the prepayment charges and other charges as per the sanctioned terms
32. The Borrower(s) shall indemnify and keep indemnified the Bank against all actions, suits, proceedings and all costs, charges, expenses, losses or damages which may be incurred or suffered by the bank by reason of any false/misleading information given by the Borrower (s) to the Bank hereunder or any breach/default/contravention/non-observance/non-performance by the Borrower(s) of any terms, conditions, agreements and provisions hereunder or under the Agreement. The Bank shall be entitled to include any amount payable by the Borrower(s) under this clause in the said Dues being the subject matter of the Agreement.
33. The bank reserves an unconditional right to cancel the undrawn/unused/unavailed portion of the Loan /facility sanctioned at any time during the currency of the Loan/facility, without any notice to the borrower, for any reason whatsoever.
34. In case of my/our failure to repay the loan, I/we hereby authorise AXIS BANK to publish my/our photographs in the print media under the title of a defaulter of loan. I am also aware that the right to publish the photograph shall solely be with the Bank and the Bank shall have the discretion to publish the photographs of all or selected defaulters
35. The Borrower hereby agrees and undertakes that no such person whose name is appearing in the list of Wilful defaulters shall be inducted on its board and that in case, such a person is found to be on its Board, it would take expeditious and effective steps for removal of such person from its Board.
- 36 The Borrower hereby acknowledges and agrees that the Bank has a right to award a separate mandate to our Auditor or any independent Auditor, as the Bank may deem fit with a view to obtain a specific certificate regarding diversion /siphoning of funds by the Borrower. The Borrower agrees and undertakes to co-operate with such Auditors and provide the necessary information and/or documents as may be required by such Auditors. The Borrower also agrees and undertakes to bear all the expenditure in respect of obtaining the said Certificate and agrees to indemnify and keep the Bank indemnified in this regard.
- 37 .The interest payable by the Borrower shall be subject to the changes based on guidelines / directive issued by RBI to banks from time to time and the changes made by the Bank

CIBIL disclosure

The Borrower also agrees, undertakes and confirms as under:

The Borrower understands that as a precondition relating to the grant of and/or continuing the grant of Credit Facility to the Borrower, the Bank requires the Borrower's consent for the disclosure by the Bank of, information and data relating to the Borrower, of the Credit Facility availed of/to be availed by the Borrower, in discharge thereof.

Accordingly, the Borrower hereby agrees and gives consent for the disclosure by Axis Bank of all or any such:

1. Information and data relating to the Borrower;
2. The information of date relating to its credit Facility availed of/to be availed by the Borrower and
3. Default, if any, committed by the Borrower, in discharge of the Borrower's such obligation;

as the Bank may deem appropriate and necessary, to disclose and furnish to Credit Information Bureau (India) Limited ["CIBIL"] and any other agency authorised in this behalf by Reserve Bank of India ["RBI"].

The Borrower declares that the information and data furnished by the Borrower to the Bank are true and correct.

The Borrower also undertakes that:

1. CIBIL and any other agency so authorised may use, process the said information and data disclosed by the Bank in the manner as deemed fit by them; and
2. CIBIL and any other agency so authorised may furnish for consideration, the processed information and data disclosed or products thereof prepared by them, to Bank(s)/Financial Institution(s) and other Credit Grantors or Registered Users, as may be specified by the RBI in this behalf.

38 Additional terms and conditions:

[Term Loans] Bank will deduct my/our EMI and other repayment/charges in terms of my Term Loan account on ___ of every month/quarter/half year commencing from __/__/20___. I understand that if I do not pay my EMI on the above-mentioned date, my account will be considered as 'Overdue' from the end of that date.

[CC/OD] Bank will deduct my/our interest and other repayment/charges in terms of my CC/OD account on ___ of every month/quarter/half year commencing from __/__/20___. I understand that if I do not pay my dues on the above-mentioned date, my account will be considered as 'Overdue' from the end of that date.

My frequency of repayment shall be at _____ rests.

1.1 Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA)

- (i) Dues: shall mean the principal / interest / any charges levied on the loan account which are payable within the period stipulated as per the terms of sanction of the credit facility.
- (ii) Overdue: shall mean the principal / interest / any charges levied on the loan account which are payable, but have not been paid within the period stipulated as per the terms of sanction of the credit facility. In other words, any amount due to the bank under any credit facility is 'overdue' if it is not paid by the due date fixed by the bank.
- (iii) Relevance of the principle of 'First In First Out' (FIFO) in appropriation of payments into the Borrower's account: The principle of FIFO i.e. 'First In, First Out' accounting method is relevant to arrive at the number of days overdue for determining the SMA/NPA status. The FIFO principle assumes that the oldest outstanding dues in the loan account needs to be cleared first. The FIFO method thus requires that what is due first must be paid by the Borrower first. For example, if in any loan account as on 01-02-2021, there are no overdues and an amount of INR X is due for payment towards principal instalment / interest / charges, any payment being credited on or after 01-02-2021 in the loan account will be used to pay off the dues outstanding on 01-02-2021.

Assuming that nothing is paid / or there is partial payment (INR Y) of dues during the month of February, the overdue as on 01-03-2021 will be INR X - INR Y.

Additionally, an amount of INR Z becomes due as on 01-03-2021. Now any payment partial payment into the account on or after 01-03-2021 will be first utilized to pay off the partial due of 01-02-2021 (INR X - INR Y). If there is more recovery than the INR X - INR Y, then after recovering dues of 01-02-2021, the remaining amount will be treated as recovery towards due of 01-03-2021.

- (iv) Age of oldest dues:

The age of oldest dues is reckoned in days from the date on which the oldest payment is due and continues to remain unpaid. In the aforesaid illustration, if the dues relating to 01-02-2021 remain unpaid till 01-03-2021, the age of the oldest dues is reckoned as 29 days on 02-03-2021.

(a) Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA)

Lending institutions will recognize the incipient stress in loan accounts, immediately on default, by classifying them as Special Mention Accounts (SMA). The basis of classification of SMA / NPA category shall be as follows:

Loans other than revolving facilities		Loans in the nature of cash credit / overdraft	
SMA Sub categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue	SMA Sub-categories	Basis for classification – Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of:
SMA 0	Up to 30 days	NA	NA
SMA 1	More than 30 days and Up to 60 days	SMA 1	More than 30 days and Up to 60 days
SMA 2	More than 60 days and Up to 90 days	SMA 2	More than 60 days and Up to 90 days

(b) Non-performing Asset:

Non-Performing Asset (NPA) is a loan or an advance where:

- (i) Interest and/or instalment of principal remains overdue for a period of more than 90 days in respect of a term loan,
- (ii) The account remains 'out of order' as indicated below, in respect of an Overdraft / Cash Credit (OD / CC),
- (iii) The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
- (iv) The instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops
- (v) The instalment of principal or interest thereon remains overdue for one crop season for long duration crops.
- (vi) The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of the Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021.
- (vii) in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

(c) 'Out of Order' Status:

An account shall be treated as 'out of order' if:

- (i) the outstanding balance in the CC/OD account remains continuously in excess of the sanctioned limit/drawing power for 90 days, or
- (ii) the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days, or the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited during the previous 90 days period.

Illustrative movement of an account to SMA category to NPA category based on delay I non-payment of dues and subsequent upgradation to Standard category at day end process:

Due date of payment	Payment date	Payment covers	Age of oldest dues in days	SMA /NPA categorisation	SMA since date / SMA class date	NPA categorization	NPA Date
01.01.2022	01.01.2022	Entire dues upto 01.01.2022	0	NIL	NA	NA	NA
01.02.2022	01.02.2022	Partly paid dues of 01.02.2022	1	SMA-0	01.02.2022	NA	NA
01.02.2022	02.02.2022	Partly paid dues of 01.02.2022	2	SMA-0	01.02.2022	NA	NA
01.03.2022		Dues of 01.02.2022 not fully paid 01.03.2022 is also due at EOD 01.03.2022	29	SMA-0	01.02.2022	NA	NA
		Dues of 01.02.2022 fully paid, Due for 01.03.2022 is not paid at EOD 01.03.2022	1	SMA-0	01.03.2022	NA	NA
		No payment of full dues of 01.02.2022 and 01.03.2022 at EOD 03.03.2022	31	SMA-1	01.02.2022/ 03.03.2022	NA	NA
		Dues of 01.02.2022 fully paid, due for 01.03.2022 not fully paid at EOD 01.03.2022	1	SMA-0	01.03.2022	NA	NA

01.04.2022		No payment of dues of 01.02.2022, 01.03.2022 and amount dues on 01.04.2022 at EOD 01.04.2022	60	SMA-1	01.02.2022/ 02.04.2022	NA	NA
		No payment of dues of 01.02.2022 till 01.04.2022 at EOD 02.04.2022	61	SMA 2	01.02.2022 / 02.04.2022	NA	NA
01.05.2022		No payment of dues of 01.02.2022 till 01.05.2022 at EOD 01.05.2022	90	SMA 2	01.02.2022 / 02.04.2022	NA	NA
		No payment of dues of 01.02.2022 till 01.05.2022 at EOD 02.05.2022	91	NPA	NA	NA	02.05.2022
01.06.2022	01.06.2022	Fully paid dues of 01.02.2022 at EOD 01.06.2022	93	NPA	NA	NPA	02.05.2022
01.07.2022	01.07.2022	Paid entire dues of 01.03.2022 & 01.04.2022 at EOD 01.07.2022	62	NPA	NA	NPA	02.05.2022
01.08.2022	01.08.2022	Paid entire dues of 01.05.2022 & 01.06.2022 at EOD 01.08.2022	32	NPA	NA	NPA	02.05.2022
01.09.2022	01.09.2022	Paid entire dues of 01.07.2022 & 01.08.2022 at	1	NPA	NA	NPA	02.05.2022

		EOD 01.09.2022					
01.10.2022	01.10.2022	Paid entire dues of 01.09.2022 & 01.10.2022	0	Standard Account with No Overdues	NA	NA	STD from 01.10.2022

- (d) The Borrower agrees and acknowledges that the manner of classification and illustrations of SMA and NPA as provided in sub-clauses (a) to (d) above in which the Bank is required to classify accounts as SMA / NPA as per the various applicable regulations and guidelines issued by RBI from time to time and:
- (i) the same is liable to change / be modified as per the requirements of the RBI guidelines in the matter issued from time to time. Any such change shall be intimated by the Bank to the Borrower from time to time and the Borrower agrees and acknowledges that such intimation shall accordingly modify the manner and illustrations provided herein without a need for further amendment to the Agreement or require specific acknowledgment of the Borrower; and
- (ii) the Bank shall have the right to classify the account of the Borrower with the Bank as SMA / NPA as per the applicable regulations / guidelines issued by RBI from time to time even though the manner of classification and the illustrations thereof are not set forth in this Agreement or the Sanction Letter(s).

THE SCHEDULE ABOVE REFERRED TO

SCHEDULE I

Nature of facility	Limit (Rupees)	Rate of Interest	Margin of Security
		At _____% Fixed or _____%above Marginal Cost of Funds Based Lending Rate(MCLR)/ External Benchmark Lending Rate (EBLR) ,i.e., at_____, MCLR/EBLR currently at _____%p.a.	

SCHEDULE II

- (A) All tangible movable machinery, plant machinery, fixtures, fittings other installation, cranes, furniture, computers and other accessories vehicles together with spares tools and accessories and all other articles lying on the premises or in the godowns of the Borrower or in the custody of nay person who are mercantile agents of the Borrower or in the course of transit which may hereinafter be brought stored or be lying or upon the said premises of the borrower.
- (B) The whole of the Borrower's movable goods and assets both present and future and including but without prejudice to generality of the foregoing words all stocks of raw material work in progress semi-finished goods and finished goods such as _____, packing materials, consumable stores and spares etc., whatsoever situate and or transit whether now belonging to or that may at any time during the continuance of this security belong to the borrower or that may be held by any party any where to the order and disposition of the borrower.
- (C) All the present and future book-debts, outstanding monies, receivables claims bills, contracts, engagements and securities which are now due and owing or which may at any time hereafter during the continuance of this security become due and owing to the borrower in the course of its business by any person firm company or body corporate or by the Government of India or any state Government or Indian Railways or any Government Department or office or any Municipal or local or Public or Semi-Government body or authority whatsoever including those relating to the assets leased out and/or given on hire purchase basis.

***IN CASE OF INDIVIDUAL**

IN WITNESS WHEREOF the Borrower has hereunto put his hand and seal on the date and year first hereinabove mentioned.

Borrower.

***IN CASE OF A COMPANY**

IN WITNESS WHEREOF the common seal of the Company has been hereunto affixed the day and year first hereinabove mentioned at.....

The Common Seal of..... Ltd. has been affixed hereunto
pursuant to the Resolution of the Board of

Directors dated.....in the presence of: 1.

2.
the Director/s and/or the....., who have in token
thereof, subscribed their signature hereto.

***IN CASE OF PARTNERSHIP FIRM**

IN WITNESS WHEREOF the Partners of the Firm have executed this Deed

For.....(Name of the Partnership Firm)

(Partners)

***IN CASE OF PROP. CONCERN**

IN WITNESS WHEREOF the said Proprietor has executed this Deed

For _____
(Proprietor)

***IN CASE OF HUF**

IN WITNESS WHEREOF the coparceners have executed this Deed

For _____

***IN CASE OF TRUST/SOCIETY/SELF HELP GROUP**

IN WITNESS WHEREOF the authorised signatory has executed this Deed

For _____

(Authorised Signatory)