

AGREEMENT OF VEHICLE HYPOTHECATION

This Agreement of Vehicle Hypothecation is made at _____ (place) on this _____ day of _____ 20____.

- 1. _____ son/daughter/wife of Shri _____
- 2. _____ son/daughter/wife of Shri _____
- 3. _____ son/daughter/wife of Shri _____
- 4. _____ son/daughter/wife of Shri _____

hereinafter called the "Borrower" of the First Part.

OR

Shri / Smt. _____

Indian inhabitant carrying on business as sole proprietor under the name and style of M/s _____

—

hereinafter called the "Borrower" of the First Part.

OR

- 1) _____
- 2) _____
- 3) _____
- 4) _____

All above partner's are Indian Inhabitant carrying on Business in partnership in the firm name and style of M/s _____

hereinafter called the "Borrower" of the First Part.

Or

M/s _____

a company within the meaning of the Companies Act, 2013 having its Registered Office at _____

_____ (through Shri/Ms. _____)

_____ (designation), as authorized vide its Board Resolution dated _____

hereinafter called the "Borrower" of the First Part.

Or

hereinafter called the "Borrower" of the First Part.

AND

SHIVALIK SMALL FINANCE BANK LIMITED, a scheduled commercial Bank incorporated under the (Indian) Companies Act, 2013 (CIN: U65900DL2020PLC366027) and Banking Company within the meaning of Banking Regulation Act,1949 with its registered office at 501, Salcon Aurum Jasola District Centre, New Delhi 110025 and having its branches/correspondents inter alia at the place mentioned at the end of this agreement (herein after referred to as "Bank") of the Second Part.

"The expression "Borrower" shall, unless repugnant to the meaning or context thereof would mean and include their legal heirs, executors, permitted assigns, administrators, Official receivers, successors in business, title, etc., as the case may be"

"The expression "Bank" shall, unless repugnant to the meaning or context thereof mean and include their successors and assigns."

WHEREAS

- (i) The Borrower has requested Bank to grant to the Borrower certain credit facilities for the purchase of some new/used equipment's / machinery, vehicles along with the accessories (hereinafter called as "Assets") for his daily operational need in the ordinary course of transportation/construction business, particulars whereof are given in the Schedule hereto and which hereinafter referred to as "said credit facilities";
- (ii) One of the conditions stipulated by the Bank for sanction of the said credit facilities, is that the Borrower shall cause to be hypothecated to the Bank the assets belonging to the Borrower and /or to any third persons known to the borrower and acceptable to Bank and execute in favour of Bank an Agreement being these presents, to record, *inter alia*, the terms and conditions of the said sanction.
- (iii) In consideration of the Bank having agreed to sanction the said credit facilities the Borrower hereby executes these presents:

NOW THIS AGREEMENT WITNESSES AND THE BORROWER HEREBY AGREES AND UNDERTAKES AS FOLLOWS:

1.1 LOAN AMOUNT, INTEREST AND REPAYMENT:

Subject to the other terms and conditions herein contained, the Bank shall grant to the Borrower the said credit facilities particulars whereof are given in the Schedule I hereto,

1.2 It is agreed by and between the parties that, where the credit facility is being availed for purchase of New/used asset, the credit facility amount shall be disbursed by the Bank directly to the owner/ seller of the asset or to the dealer and such disbursement shall be deemed to be disbursement to the Borrower, and where the credit facility is being availed against asset owned by the Borrower, the amount of the loan shall be disbursed by the Bank to the Borrower.

1.3 (A) The Borrower shall, pay interest on the outstanding balance of the said credit facilities at the rate specified in the schedule III hereto with monthly rest or such other rests as may be decided by the Bank from time to time subject to the applicable directives issued by the Reserve Bank of India, if any.

(B) The Borrower shall, in addition to interest, pay or reimburse to Bank, as the case may be, interest tax and any other tax or levy as may be levied on or in respect of the interest payment under these presents.

(C) The Borrower shall on or before the date of the first draw down/disbursal of the said facilities pay to Bank non refundable annual service charges / processing fees at the rate mentioned in the Schedule III hereto.

(D) Notwithstanding anything to the contrary herein contained, the Bank shall be entitled to increase / decrease the rate of interest after giving prior notice to the Borrower, subject to such increase / decrease not being contrary to the directives, if any, issued by the Reserve Bank of India from time to time and no further consent or concurrence of the Borrower shall be required in respect thereof.

(E) In the event of any benefit/ loss being caused as a consequence of the FIR variation, the same would not affect the aforesaid Monthly Installments and the Borrower shall be provided the benefit/ compensate for the loss, at the end of the tenure of the Loan, provided that if as a consequence of any extension of the tenure of the Loan as a consequence of the FIR variation, the maximum tenure as per policy is likely to be exceeded, the Bank shall make appropriate changes in the last installment of the loan.

1.4 The Borrower agrees that the said credit facilities shall be repayable on demand and that Bank, at any time, in its discretion, recall the said credit facilities by giving to the Borrower seven clear working days notice in writing. However, for the sake of convenience, the Loan amount and the interest thereon shall be repaid in equated monthly installments (EMI) as per the details stated in the schedule III. It is however specified that this repayment schedule is without prejudice to Bank's aforesaid right to call in the entire credit facility and to be paid on demand the said entire credit facility along with all other dues in respect thereof or arising in pursuance thereof.

1.5 The first installment shall be payable by the first of the month immediately following the month of disbursement and subsequent installments respectively shall be paid by the first of each succeeding month or as specified in schedule III. Strict compliance with the repayment scheme is an essential condition for the grant of this credit facility.

1.6 In the event of the Borrower committing a default in the payment of sum due hereunder, whether by way of repayment of the outstanding balance of the said credit facilities or by way of payment of interest or any other payment due and payable by the Borrower or the Borrower committing any breach or default of any other condition of this Agreement or under any other instrument in respect of the said credit facilities, the Borrower shall, in respect of the outstanding amount and in respect of interest or other amount in default, pay additional interest at the rate specified in Schedule III, from the date of default till the date of payment. The borrower expressly agrees that the rate of such additional interest is a fair estimate of the loss likely to be suffered by the Bank by reason of such delay/ default on the part of the Borrower. The payment of additional interest shall not absolve the Borrower of other obligations in respect of such default or affect any of the other rights of the Bank in respect of the default. It is expressly specified that the above is in addition to and Bank expressly reserves all other rights that may accrue to Bank on any default by the Borrower. In addition, and without prejudice to what is stated above, the Borrower shall also be liable for all costs, charges and expenses which Bank may pay or incur in any way resulting from the foregoing defaults and from exercise of the Bank remedies including expense incurred or repossession or storage or sale or disposal of the hypothecated assets and legal costs on full indemnity basis thereof all of which are hereinafter collectively referred to as the "balance due to Bank".

1.7 POSTDATED CHEQUES:

The Borrower has agreed to issue post dated cheques for the repayment of the credit facilities. The Borrower is aware that any dishonour of a cheque issued by the Borrower would make the Borrower liable to pay a flat charge as specified in the schedule III hereto for each such act of dishonour in addition to continuing to be liable to Bank for the amount of such dishonoured cheque. It is expressly specified and agreed that the levy of such charge is without prejudice to all other rights of Bank under the law. whether; under Negotiable Instruments Act, the Indian Penal Code or otherwise

howsoever. It is also further agreed and understood that non-presentation of the cheques or any of them by the Bank for any reason whatsoever, shall not in any manner affect the liability of the Borrower. If any or more than one or all of the post dated cheque/s delivered to the Bank by the Borrower pursuant to the terms of clause 1.7 is /are lost, destroyed or misplaced while in the custody of the Bank, or become non encashable due to death, insolvency, lunacy, termination of authority or otherwise of the signatory or any or more of the signatories (if more than one) or the liquidation of the Drawee bank or any moratorium of the drawee bank. or requires replacement for any reason whatsoever in the discretion of Bank, then in that event, the Borrower shall within three working days of receipt of such intimation from the Bank substitute / replace any such cheques with fresh cheque(s) payable on the same day and for the same amount as the previous cheque which is being substituted.

1.8 The Borrower may also repay the credit facility through any of the following modes:

- a) Electronic Clearance Service (ECS), or
- b) Standing instructions (SI)

The Borrower undertakes that his consent to participate in the ECS / SI mode for payment of the EMI's shall not be revoked during the tenure of this agreement except with the approval of the Bank. In case the Borrower revokes his consent to participate in the ECS/SI mode, it may be presumed that the same has been done to cheat Bank and therefore, will make the borrower liable for criminal action under the laws applicable for the time being in force.

1.9 The Borrower agrees, that notwithstanding any specific instructions issued by the Borrower:

- (a)** Bank will have absolute discretion to appropriate any payment received from Borrower first towards compensation / interest in respect of the overdue amount and the balance, if any towards the overdue amount under this agreement;
- (b)** Bank will have absolute discretion to appropriate any payments received from the Borrower against this Agreement in respect of dues under any other agreements with the Bank;
- (c)** Bank will have absolute discretion to appropriate the deposits if any, received from the Borrower against the outstanding balance, compensation or any other dues under this Agreement or in respect of dues under any other agreements with the Bank.

1.10 All repayments to be made under this agreement by the Borrower shall be made at the place specified in the schedule III hereto,

1.11 In case, where credit facility is granted for multiple assets, It is specifically understood and agreed by the Borrower that Bank will for its accounting purposes be reflecting / subdividing the aforesaid credit facility into separate sub-accounts corresponding in number to the number of assets financed. It is further agreed that any payment made by the Borrower to Bank shall be apportioned by Bank proportionately in each of the said account. Notwithstanding above, the Bank shall be entitled at its discretion to appropriate any payment received from the borrower (either in part or in full) against any such sub-account. Such apportionment shall in no way affect the hypothecation of all the assets to Bank as security for the credit facility availed and it is hereby clarified that settlement of one sub-account will not release the assets charged as security unless the dues of the borrower to Bank are cleared in full.

1.12 The borrower hereby executes and gives to the Bank Demand Promissory Note in respect of various amounts payable under the agreement and further agrees that Bank shall be entitled to negotiate the said promissory note/s and/or sue upon the same.

2. REPRESENTATION BY THE BORROWER :

2.1 The Borrower hereby declares, represents and warrants that :

a) He/ She /It is aware that the Bank is granting the said credit facilities on the basis of the loan application made by him /them/ her/it for the purchase of the said assets and on the faith of the representations made by the Borrower and believing the same to be true.

b) That all the necessary approvals for availing of the said facilities have been obtained and that the Borrower will at all times till the amounts due to Bank are repaid in full against the said credit facilities, keep all such permissions valid and subsisting.

c) The officer(s) of the Borrower executing this agreement and the documents executed in pursuance hereof, is/are duly and properly in office and full authorised to execute the same.

d) This agreement and the documents to be executed in pursuance hereof, when executed and delivered, will constitute valid and binding obligations of the Borrower:

e) No corporate action, or any steps have been taken or legal proceedings been initiated or threatened against the Borrower for its winding up, dissolution, administration, reorganization or for appointment of receiver, administrator of the Borrower or all or any of its assets or undertaking.

f) As of the date of this agreement, there is no litigation, proceedings or disputes pending or threatened against the Borrower, the adverse determination of which might substantially, affect the Borrower's ability to repay the credit facilities as described in the schedule I or have a materially adverse effect on the financial condition of the Borrower.

g) The execution and delivery of this Agreement and the performance of its obligations hereunder does not:

1) Contravene any applicable law, statute or regulation or any judgment or decree to which the Borrower is subject,

2) Conflict or result in any breach of any covenants, conditions and stipulations under any existing agreement, to which the Borrower is a party.

3) Conflict or contravene any provision of the Memorandum and Articles of Association of the Borrower;

h) There has been no material adverse change in the financial condition of the Borrower, nor has any event, which is prejudicial to the interest of the Bank taken place since the date of latest audited financial statements of the Borrower which is likely to materially and/or adversely affect the liability of the Borrower to perform all or any of the obligations under this agreement.

i) The Borrower shall be exclusively responsible for getting the delivery of the assets from the seller / manufacturer / dealer. The Bank shall not be liable for delay and delivery / disbursement, any demurrage cost or the quality / condition/ fitness of the asset. The borrower absolves the Bank from any liability in respect of the above and shall not withhold payment of stipulated EMIs on the ground that the asset has not been delivered.

2.2 The representations and warranties in clause 2.1 above shall be deemed to be repeated by the Borrower on and as of each day from the date of this agreement until all the moneys due or owing hereunder by the Borrower to Bank have been repaid in full as if made with reference to the fact and circumstances existing on such day,

3 TERMS OF HYPOTHECATION:

3.1 In consideration of Bank having agreed to sanction the said credit facilities, the Borrower hereby hypothecates to, and charges in favour of Bank as and by way of a first and exclusive charge thereon, the assets described in general terms in the schedule II hereto (which are hereinafter collectively referred to as the ("hypothecated assets")) for the payment to the Bank if all monies at any time due and payable by the Borrower to the Bank in respect of the said credit facilities, including the outstanding balance of the said credit facilities, as also the monies due on all Bills of Exchange, promissory notes or other negotiable instruments which Bank may have discounted or become interested in as also all interest, costs, charges and expenses (including legal cost on full indemnity basis which the Bank may

pay or incur in any way in connection with the said credit facilities or the said hypothecated assets or the re-possession or storage or sale or disposal thereof) all of which are hereinafter collectively referred to as "the balance due to the Bank " Any additions, improvements or attachments to the said hypothecated assets whether made and carried out by the borrower or otherwise and whether at the cost of the Borrower or otherwise and whether with or without the approval of Bank shall be deemed to constitute and be part of the hypothecated assets and shall be subject to the terms and conditions of the agreement in the same manner and to the complete and total extent as the hypothecated asset prior to such addition / improvement or attachment.

- 3.2** The hypothecation shall be deemed to take place immediately on signing of this agreement. In the event the asset is treated as "Motor Vehicle" or vehicle under the provisions of the Motor Vehicle Act, 1998, the Borrower shall get an endorsement on the registration certificate that vehicle(s) is/are hypothecated to Bank.
- 3.3** The Borrower further agrees that the hypothecated assets shall also be security for (a) all other monies that may be due and payable by the "Borrower to Bank on any account whatsoever, whether present or future, including the liability of the Borrower as surety or co-obligator either singly or along with any other person and (b) the credit facility / facilities to be granted / continued to the group companies / associate of the Borrower as declared.
- 3.4** The Borrower agrees with and undertakes to the Bank that the Bank shall have an exclusive charge over the hypothecated assets and the Borrower shall not create in any manner any interest in hypothecated assets or any of them in favour of any other person or body, except with the prior written consent of the Bank. The Charge / security created by the borrower under this agreement shall continue and remain in force till such time all other dues under this agreement and in respect of all other loan / facility obtained / to be obtained by the Borrower from Bank are fully discharged and the Bank will issue a certificate of discharge of the security created under this agreement. The liability of the Borrower shall not be affected, impaired or discharged, by the winding up (Voluntary or otherwise) or by any merger or amalgamation, reconstruction takeover of the management, dissolution or nationalization (as the case may be) of the Borrower. The Borrower covenants that the security provided by him shall remain valid for the balance due to Bank or for any other financial benefits obtained by the borrower from the Bank.
- 3.5** The Borrower undertakes to further secure the said credit facilities and create such further security and execute such other documents as may be required by the Bank from time to time in regard to the said credit facilities. Wherever applicable, the Borrower undertakes to register the charge created in favour of Bank by virtue of this Agreement, with the Register of Companies and produce a copy of such charge registration certificate to Bank for its records.
- 3.6** The Borrower/Co-Borrower shall declare the details of legal heirs and the properties which have not been charged to the Bank as security for financial assistance granted as set out in Schedule IV.
- 3.7** The Borrower hereby declares that all the present hypothecated assets are the absolute property of and in the sole ownership of and at the sole disposal of, the Borrower and, otherwise than as set out in this Agreement, are free from any charge or encumbrance of any nature whatsoever and that the future hypothecated asset shall be likewise the sole unencumbered, absolute and disposable property of the Borrower,
- 3.8** (i) The Borrower shall pay all rents, taxes outgoings and other charges in respect of the garages and other premises in which the hypothecated assets are stored or may be kept. The Borrower shall also ensure that such garages and other premises are fully insured to the extent of full market value thereof against loss or damage from fire, arson, civil commotion, riot and such other risks as Bank may direct. The Borrower shall duly and punctually pay all the premia on such policies as and when due and shall produce to Bank for inspection the original receipts and furnish duly certified copies thereof for Bank's record. The Borrower shall ensure that such policies are kept alive during the subsistence of this security and the Borrower shall not do or permit to be done anything by reason of which such insurance may be cancelled. The Borrower shall assign to Bank every such insurance policy and shall pay to Bank all proceeds of any policy received by the Borrower.

(ii) In the event of the Borrower failing in its obligation aforesaid, Bank may at its discretion, pay such rents and outgoing and insure the premises or garages and the Borrower hereby undertakes to reimburse Bank all monies so paid by Bank for the purpose. The reimbursement shall be made on demand by the Bank and in default of such payment the Bank shall be at liberty to debit the amount so paid to the account of the Borrower with the Bank and such amount shall thereafter carry interest at the rate specified in the schedule hereto.

3.9 (a) The borrower shall keep the hypothecated assets fully and comprehensively insured from time to time against all risks e.g. accident, fire, arson, lightening, riot, civil commotion, war, theft, pilferage, third party liabilities and such other risks as may be stipulated by the Bank from time to time to the extent of full market value thereof. The insurance policy(ies) shall be assigned in favour of the Bank to effectively transfer all rights and all possible claims, that may arise during currency of the security, vesting in that policy(ies) from the borrower to the Bank. The borrower shall promptly handover to the Bank all such assigned policies/cover notes in original year after year and shall duly and punctually pay all premia on such policies and when due and shall produce to the bank for inspection original receipts and furnish duly certified copies thereof for Bank's record. The Borrower shall ensure that all such policies of insurance are kept alive during the subsistence of these security and the Borrower shall not do or permit to be done anything by reason of which such insurance may be cancelled or rendered void by the Insurer company.

(b) On default of the Borrower to keep the hypothecated assets insured as aforesaid, the Bank may, at its sole discretion, but without any obligation to do so, effect insurance of the hypothecated assets and / or pay the premia in respect thereof and the Borrower hereby undertakes to reimburse the Bank on demand all the amounts paid / incurred by the Bank in doing so and on default of payment of such amounts by the Borrower, the Bank shall be at liberty to debit such amounts to the account(s) of the Borrower with the Bank and such amounts shall carry interest at the same rates as provided in the Schedule III hereto.

(c) If any amount is received from the insurance company under any policy or policies of insurance, the amount so realised may, at the sole discretion of the Bank, be utilized in replacement of the lost or damaged hypothecated assets or in liquidation of the liability of the Borrower to the Bank under these presents.

3.10 The Borrower shall keep and maintain the hypothecated assets in good and fully working condition at the costs and risk of the Borrower in all respects and the Borrower shall be liable for any loss or damage cause to the hypothecated assets for any reason whatsoever, including theft, damage by weather and deterioration in quality.

3.11 The Borrower shall not encumber or transfer the hypothecated assets in any manner whatsoever without the express consent in writing from the Bank. The Borrower undertakes to get the registration certificates of each asset endorsed in the name of the Bank to further express the fact that the assets stand hypothecated to the Bank. Any direct or indirect transfer of the hypothecated assets would be deemed to be criminal breach of trust and a case of cheating entitling the Bank to inter-alia adopt criminal proceedings against the Borrower.

3.12 The Borrower shall, as on the last day of each month, furnish to the Bank statements regarding hypothecated assets' physical condition and their location where they are parked or whether they are in transit and if so, the details thereof. Such statements shall be delivered to the Bank within 10 working days from the date to which the statement relates and shall be authenticated by an authorised official of the Borrower. The statements shall be in such form as may be prescribed by the Bank from time to time and supported by such evidence as may be required by the Bank, in addition, the Borrower shall furnish to the Bank, as and when required by the Bank to do so, such information regarding hypothecated assets and about the Borrower's business, as may be required by the Bank.

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

3.14 (a) The borrower hereby declares that all the hypothecated assets are free from any encumbrance whatsoever and past encumbrances, in any, have been fully cleared to the complete satisfaction of the person or entity in whose

favour such encumbrance was created. The Borrower further declares that the said hypothecated assets and all documents related thereto shall be held in trust by the Borrower for the Bank in the capacity of a Bailee.

(b) The Borrower shall ensure that no charge or encumbrance is created on the hypothecated assets or any of them and that nothing is done that may adversely affect the security created hereby on the hypothecated assets in favour of the Bank.

3.15 (a) The Borrower covenants with the Bank that the Borrower shall apprise the Bank of the occurrence or likely occurrence of any event which is likely to affect the capacity of the Borrower to repay the said loan or interest thereon or likely to affect the security for the said credit facilities or the obligations of the Borrower to the Bank in respect of said credit facilities.

(b) Without prejudice to the generality of the provisions contained in the preceding sub-clauses, the Borrower hereby agrees with, and undertakes to, the Bank that the Borrower shall forthwith inform the Bank on the occurrence or likely occurrence of inter-alia, any of the following events, namely:

i) Institution of any legal proceedings against the Borrower by any person(s) making a claim for money against the Borrower, or enforcing against the Borrower, any guarantee given by the Borrower.

ii) any damage to the hypothecated assets for any reason whatsoever.

iii) any distress or proceedings of court being taken against the hypothecated assets.

iv) the occurrence of any event which is likely to affect the Borrower's business, including industrial action, steps taken by authorities to recover statutory dues from the Borrower.

v) if there is any change in constitution or ownership of the borrower which in the opinion of the Bank, is adverse.

3.16 (A) The borrower hereby agrees and appoints the Bank and its officers and authorised representatives to be its duly constituted attorneys for all of the following purposes, namely:

(i) To enter any place where any of the hypothecated assets may be and inspect and value them.

(ii) To take possession of all or any of the hypothecated assets and/or the documents relating thereto from whosoever they may be in possession of including the contents therein and to dispose them of immediately if they are dangerous and/or perishable in nature.

(iii) To sell any of the hypothecated assets for and on behalf of the Borrower and at the risk of the Borrower in all respects and to realise full or any part or portion of the sale proceeds thereof.

(iv) To take all such steps as may be required for the recovery of any of the hypothecated assets, including the institution of any claim, suit, petition, or other legal process and the signing and execution of all necessary *vakalatnamas* and documents for the said purpose and the compromising or settlement of such suit or action.

(v) Generally to perform, execute or cause to be performed or executed all acts, deeds, matters, things and documents in all matters arising under or out of or concerning or touching these presents as the Borrower could himself perform or execute.

(vi) And for the better or more effectually doing, effecting and performing the several matters and things aforesaid to appoint from time to time or generally such other persons, bodies, companies, organizations or agencies as the bank may think fit as its substitute or substitutes at pleasure and to appoint other or others in his or their place.

(B) The Borrower agrees that the above powers may be exercised without any prior notice to the Borrower and further agrees to ratify and confirm all that the Bank or any substitute(s) appointed by the Bank may lawfully do or cause to be done in exercise of the aforesaid powers.

(C) The Borrower further agrees to give all assistance to the Bank and its officers and authorised representatives for the purpose of exercising any of the powers hereinabove set out, including endorsing of the document(s), signing of paper(s), and doing all such things as may be necessary to enable the Bank and its officers all the powers hereby conferred.

(D) The Borrower further agrees that the aforesaid powers have been granted for valuable consideration and all such shall be irrevocable till such time as any amounts remain due, owing or payable under or in respect of or in pursuance of the said credit facilities and/or these presents.

3.17 The Borrower further agrees that the Bank shall not be required to make or continue advances on the said account otherwise than at its sole discretion and that it will be entitled to stop any further disbursements and/or close the said account at any point of time without prior notice to the Borrower.

3.18 The Borrower undertakes to get the endorsement of hypothecation done in the registration certificate book from the concerned road transport office. The Borrower, if the borrower is a company, further undertakes to get the charge herein registered with the Registrar of Companies under Section 125 of The Companies Act, 1956.

3.19 The Borrower shall produce the Assets before the Bank whenever called upon by the bank to do so, to enable the bank to inspect the said Asset(s). The Borrower further agrees that the Bank and its authorised representatives, servants and agents shall be entitled to inspect the Asset(s) at all times and shall for the purpose thereof be entitled without any notice, to enter upon the premises, godown(s), or garages where the hypothecated assets are lying or kept or parked, and if necessary, to break open any such place of storage.

3.20 The Borrower is aware and expressly agrees that the breach of any of the terms of this agreement would amount to a criminal offence and that the Bank shall be entitled to criminally prosecute for such breach as the case may be.

4. EVENTS OF DEFAULT

The Borrower shall be deemed to have committed an act of default on the happening of, inter-alia, any one or more of the following events, namely:

- (a) Failure to make payment to the Bank of any part of the loan amount on demand or any other charge due and payable under these presents or in respect of said credit facilities.
- (b) The Borrower misusing said credit facilities or any part thereof for any purpose other than for which said credit facilities have been sanctioned.
- (c) The Borrower making in any manner whatsoever an interest of any person(s) in hypothecated assets or part(s) thereof.
- (d) The representations made by the Borrower being found to be untrue in any manner, whatsoever.
- (e) The Borrower committing a breach of any of the terms, covenants and conditions herein contained.
- (f) The Borrower committing a default in respect of any of the other obligations of the Borrower towards the Bank either under this Agreement or under any other agreement(s) and/or under the law or otherwise howsoever.
- (g) The Borrower fails or neglects to observe, perform, adhere to and comply with or commits a breach of any of the terms and conditions of this agreement or of any other agreement entered into by the Borrower with the Bank and on the Borrower part to be observed, performed, adhered to or complied with.
- (h) The Borrower committing a breach of any other agreement entered into by the Borrower with any other bank or financial institution or non-banking finance company or any other person, body or entity.
- (i) Any of the group companies, associates of the Borrower defaulting in the terms of any of the agreements entered into between any of them and the Bank.

- (j) The hypothecated assets or any part or portion thereof, being confiscated, or attached or taken into custody by any authority or becoming the subject of any legal proceeding.
- (k) An insolvency notice or a winding up notice is served on the Borrower or a receiver is appointed or attachment is levied on any of the borrower's properties or assets, or ;
- (l) The hypothecated assets or any part or parts thereof are detained, damaged, endangered or bodily injury is caused to any third party by an accident involving the hypothecated assets or otherwise, or
- (m) The hypothecated assets or any part(s) thereof are stolen or is/are a total loss in the eyes of the Bank.
- (n) Whenever in the absolute discretion of the Bank there is a likelihood of the due money not being repaid and/or the hypothecated assets or any part(s) thereof are likely to be transferred to defeat the security and the due amounts of the Bank.
- (o) On the Bank being informed or in the event that the information comes to the Bank that there is a change in management and/or constitution of the Borrower or that there is likely to be a change in management and/or constitution of the Borrower and such change in the opinion of the Bank would adversely affect its interests.
- (p) There existing any other circumstances which in the sole opinion of the Bank would adversely affect its interests.
- (q) The Borrower using hypothecated assets for transporting goods or in a manner not permitted by law.
- (r) The Borrower fails to produce the hypothecated assets for inspection or verification or making valuation by the Bank or its officers, auditors, technical experts, management consultant, valuers or any other person authorised for the purpose by the Bank.
- (s) Any instruction given by the Borrower for stop payment of the post dated cheques, for any reason whatsoever including instructions for revocation of instructions under ECS or SI mode of payment.
- (t) If without approval of the Bank the asset and/or other security provided under this agreement are sold/transferred/disposed of, charged, encumbered, alienated etc.; or there is reasonable apprehension that the Borrower or Guarantor are likely to sell or transfer etc., the assets or any other security.
- (u) Any defect/infirmity in the guarantee provided by the Guarantor which renders the guarantee ineffective / inoperative.

5. BANK'S RIGHTS ON DEFAULT

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

- a) Call upon the Borrower to pay forthwith the outstanding balance of the said credit facilities together with up to date interest and all sums payable by the borrower under this agreement.
- b) **Repossession of the Assets** : To take possession of the hypothecated assets from where so ever it may be and remove the hypothecated assets including all accessories, bodywork and fittings and for the said purpose it shall be lawful for the Bank or its authorised representatives, servants, officers and agents forthwith or at any time and without notice to the Borrower to enter upon the premises, or factory, office, garage or godown where the hypothecated assets shall be lying or kept and to take possession or recover or receive the same and if necessary, to break open such place of storage; the Bank will be within its rights to use a tow-van to carry away the assets. Any damage to the land, building, factory, godown, office, garage, or other equipments/assets kept there, caused by removal of the hypothecated assets shall be the sole responsibility of the borrower. The Bank shall be authorised to cause any operations involving the asset to be stopped in order to take possession of the hypothecated asset. The Bank shall not be liable for any damage or loss caused to the Borrower on account of the same.
- c) To take all necessary steps as fully and effectively as the Borrower could take to dispose of the said hypothecated assets at the risks and cost of the Borrower in all respects and it shall be lawful for the Bank forthwith or at any time thereafter and without notice to the Borrower to enter upon the premises, or factory, office, garage or godown where the hypothecated assets shall be lying or kept and to take possession or recover or receive the same and if necessary, to break open such place of storage and the Bank shall be entitled to appoint any officer or officers of the Bank or any person authorised on its behalf as Receiver of the said hypothecated assets or any part or parts

thereof and with power to do all such things as fully and effectively as the Borrower could do and/or to sell by public auction or private contract or otherwise dispose off the said hypothecated assets including any material thereon at the risks and costs of the Borrower in all respects with power to rescind or vary any contract of sale without being bound or answerable for any loss or diminution in value and without being bound to exercise any of the powers hereby conferred or being liable for any loss occasioned by the exercise of any such power and to give effectual receipts and discharge for the purchase money and to do all such other acts and things for completing the sale as Bank or the Receiver, shall think proper. The Borrower shall not raise any objection to the regularity of any sale or other disposition made by the Bank nor shall the Bank be responsible for any loss that may arise from any act or default on the part of any broker or auctioneer or other person or body employed by the Bank or the Receiver for the purpose of the sale or disposition. Provided that the Borrower expressly agrees that the Bank in reselling the assets shall only be obliged to offer the same to persons whose business is that of dealing in assets of the same type and description as that of the asset being resold and that in the event that such asset has no resale value, a certificate to that effect from such dealer will be binding on the Borrower.

- d) In the event of there being as 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 money or monies belonging to the Borrower for the time being in the hands of the Bank in or under whatever accounts as far as the same shall extend against in or towards liquidation of all moneys that shall be or may become due from the Borrower or from any of its group companies / associates / directors / promoters to the Bank whether solely or jointly with any other person or persons, firm or company by way of loans, discounted bills, letters of credit, guarantee, charges, or any other debts or liability including bill, notes, credits or other obligations current though not then due and payable or other demands legal or equitable which the Bank may have against the Borrower or which by law of set off or mutual credit would in any case admit along with interest thereon from the date on which any or all advance(s) in respect thereof shall have been made at the rate or respective rates at which the same have been so advanced.

6. Bank's Right to Sell / Assign / Delegate / Appoint:

- 6.1 It is agreed that the customer introduction, the credit rating and all other acts / steps / duties as are necessary for the Bank to monitor the said credit facilities or any part or portion thereof and/or to recover the amount due to the Bank or any part or portion thereof shall / or may be carried out by such other person, company, body, organization or agency as may from time to time be appointed by the Bank in respect thereof and that the Bank will at all times be entitled to share with such other person/ company/body /organization or agency as may from time to time be appointed by the bank in respect thereof and that the Bank will at all times be entitled to share with such other person, company, body, organization or agency that may thus be appointed by the Bank, all documents, statements of accounts and other information of whatsoever nature pertaining to the Borrower or the said credit facilities.
- 6.2 The Bank reserves the right to assign / sell / securitize the loan, in part or the whole, with or without underlying security, if any, and transfer its right, title and interest herein to any third party and the Borrower expressly agrees that the Bank is not required to either make a reference to the Borrower or obtain the Borrower's consent or intimate or put the Borrower to notice of such assignment / sale / securitization. The Borrower shall be bound to accept any such assignment / sale / securitization / transfer and accept such other purchaser / assignee / transferee as the creditor exclusively or as a joint creditor with the Bank, or as a creditor exclusively with the right to the Bank to continue to exercise all powers hereunder on behalf of any such purchaser / assignee / transferee. Any cost in this behalf whether on account of such sale / assignment or transfer or enforcement of rights and recovery of outstanding dues shall be to the account of the Borrower.

7. Collections:

The Borrower expressly recognises and accepts that the Bank shall, without prejudice to perform such activities either itself or through its officers or servants, be absolutely entitled and have full power or authority to appoint one or more third parties of Bank's choice and to transfer or delegate to such third parties the right and authority to collect on behalf of the Bank all unpaid amounts and to perform and execute all acts, deeds, matters and things connected therewith or incidental thereto including attending the office or residence of the Borrower, receiving the amounts due, and generally performing all lawful acts as the third party may consider appropriate for such purposes.

8. Bank's Lien and Set off Preserved

Notwithstanding anything herein contained, the Bank shall have a lien over all the assets of the Borrower in Bank's control and a right of set off against all monies due from the Bank to the Borrower and to combine all accounts of the Borrower for recovery of Bank's dues hereunder. The Bank has agreed to enter into this transaction on the condition that the borrower agrees to the right of the Bank to set off against the amount lying in deposit / in account / in possession with the Bank for the recovery of Bank's dues hereunder.

9. These Present Not to Affect Other Rights of the Bank Against Borrower:

- a. The Borrower hereby expressly agrees that nothing herein contained shall operate to prejudice the rights and remedies of the bank in respect of any other obligations of the Borrower to the Bank or prejudice or affect any general or particular lien to which the Bank is by law or otherwise entitled to or operate to prejudice the Bank's rights or remedies in respect of any present or future security, guarantee or obligation given to the bank by any such person for any such indebtedness or liability of the Borrower.
- b. The Borrower further agrees that in addition to and without prejudice to any other right or lien enjoyed by the Bank, the Bank will further be entitled at any point of time and without notice to the Borrower to combine or consolidate all or any of the Borrower's account/s (including any fixed deposits) held with the Bank and all the credits and liabilities therein and set off or transfer any sum standing to the credit of anyone or more of such accounts in or towards satisfaction of any of the Borrower's liabilities to the bank on any account whatsoever, whether such liabilities are actual or contingent, primary or collateral and whether joint or several.

10. These Presents to be Continuing Security

The Borrower agrees that this Agreement and the security hereby created shall operate as a continuing security for all the obligations/ facilities of the Borrower in respect of the said credit facilities, notwithstanding the existence of a credit balance in the said account or any partial payments or fluctuation of accounts.

11. Indemnity

The Borrower does hereby indemnify and agrees to keep the Bank indemnified from time to time and at all times hereafter against all claims, costs, losses and expenses that may be incurred by the Bank by reason of any act or default on the part of the borrower in respect of the said credit facilities and/or the hypothecated assets and / or the terms herein.

12. Reimbursement

The Borrower shall reimburse the Bank all costs and expenses incurred by the Bank in the negotiation, preparation, stamping, execution, administration and enforcement of this Agreement as also any security documents and/or any rights of the Bank hereunder or there under.

13. Notice / Communication

- a) Any notice to be given to the Borrower by the Bank shall be effective and deemed to have been duly and sufficiently served on the Borrower, three days after the same have been delivered to the Post Office / couriers

properly addressed to the Borrower at the address given in the end of this agreement and if delivered to have been duly served as on date of such delivery.

b) A certificate by an Officer of the Bank that the notice was posted or served, as the case may be, shall be final, conclusive and binding on the Borrower.

c) Unless otherwise advised in writing by the Bank to the Borrower, any notice to be given by the Borrower to the Bank shall be effective and deemed to have been duly and sufficiently on the Bank if delivered at its branch address herein stated.

14. Bank's Statements of Accounts to be Accepted by the Borrower

The Borrower hereby agrees to accept as conclusive proof of the correctness of any sum claimed by the Bank to be due from the Borrower in respect of said credit facilities a statement of account computer-generated from the books of accounts of the Bank and signed by an officer of the Bank without production of any voucher, documents or other papers.

15. Execution and Stamp Duty

a) This Agreement shall be executed in single; the original whereof shall be kept by the Bank and photocopy of the same has been given to the Borrower, the receipt whereof the Borrower does hereby admit and acknowledge.

b) The Borrower shall pay and bear the stamp duty on this Agreement as also any penalty or other levies thereon.

16. Waiver / Forbearance:

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

17. Schedules to form part of this Agreement

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

18. Partial Invalidity

If at any time provisions is hereof or becomes illegal, invalid or unenforceable under the law, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of other provisions shall in any way be affected or impaired thereby.

19. Marginal notes and Head Notes

The marginal notes and Head notes hereto are for the purpose of convenience and reference only.

20. Sharing Information:

a. The Borrower authorize the bank to disclose from time to time any information relating to the loan to any parent/subsidiary affiliate/associate entity of bank and to third party engaged by bank, for purposes such as marketing of services and product

b. The Borrower understand that as a pre-condition relating to the grant of the loan/advances other fund or non-fund-based facility to me/us bank requires his/her/there consent for the disclosure by the bank of, information and data relating to him/her/them of the credit facility availed of/to be availed by him /her/them in relation thereto and default if any committed by him/her/them in discharge thereof

c. Accordingly, the Borrower hereby agree and give consent for the disclosure by the bank of all or any such.

a. Information and data relating to him/her/them

b. The information or data relating to any credit facility availed of /to be availed by him/her/them and

- c. Default if any committed by him/her/them and discharge of his/her/them obligation
- d. As bank may deem appropriate and necessary to disclose and furnish to credit information bureau (INDIA) Limited and any other agency authorized in this behalf by RBI.
- e. The Borrower declare that the information and data furnished by his/her/them to bank are true and correct
- f. The Borrower undertake that
 - a. The credit Information bureau (India) limited and any other agency so authorized may use process the said information and data disclosed by bank in this manner as deemed fit by them and
 - b. the Credit Information Bureau (India) Limited and any other agency so authorized may furnish for consideration the processed information and data or products thereof prepared by them to bank/financial institution and other credit grantors or registered users as may be specified by the RBI in this behalf.

21. Governing law.

This agreement shall be constructed and governed by the law of India and without taking into consideration its principles of conflict of laws.

22. Arbitration

In case of any dispute or difference between the parties hereto arising out of or in connection with this agreement shall be amicably resolved by the parties. In the event the parties face to resolve such disputes amicably, such disputes or differences shall be referred to the arbitration of a sole arbitrator to be appointed by bank in accordance with the Arbitration and conciliation act 1996 and rules framed thereunder. The venue for conducting the arbitration proceeding shall be at NOIDA, Uttar Pradesh, India. The language of the arbitration shall be English or Hindi. The decision of the Arbitrator shall be final and binding on the parties

The cost of such arbitration shall be borne by the losing party or parties or otherwise as determined in the arbitration award. If a party is required to enforce an arbitration award by legal action of any kind, the party against whom such legal action is taken shall pay all reasonable cost and expenses and attorney fees, including any cost of additional litigation or arbitration taken by the party seeking to enforce the award.

23. Jurisdiction

The parties hereto expressly agree that all disputes arising out of and /or relating to this agreement including any collateral document shall be subject to the exclusive jurisdiction of competent court in the city where the lending office of the bank is situated alone.

- 24.** In case of death of borrower/co-borrower/Guarantor, the surviving parties in the Loan structure as per the Sanction letter and family members of the deceased are responsible to inform the bank within 15 days of death and get the names of legal heirs/another Guarantor added in the loan agreement. Failing this they will have no right to stake any claim in any legal proceedings related to the recovery of this loan.

25. Acceptance

I/We have read / have been explained the entire agreement and have been filled in my/our presence.

I/We am/are aware that Bank shall agree to become a party to this agreement only after satisfying itself with regard to all conditions and details filled by me/us in the loan application made by me/us.

मैंने/हमने उपरोक्त खण्डों तथा महत्वपूर्ण कर्ज समझौते को पढ़ लिया है और समझा दिया गया है। इसे मेरी/हमारी उपस्थिति में भरा गया है। मैं/हम इस महत्वपूर्ण विवरण सहित सभी शर्तों को मानने के लिए बाध्य होंगे। पूर्वोक्त में दिए गए करारनामों और अन्य दस्तावेजों को मेरी/हमारी समझ में आने वाली भाषा में मुझे/हमें बताया गया है और मैंने/हमें विभिन्न खण्डों का पूरा तात्पर्य समझ लिया है। ऋण प्राप्तकर्ताओं ने इस समझौते की विषयवस्तु सत्यापित करने और समझने के बाद अपने हस्ताक्षर किए हैं।

The parties have executed these presents at the Place and on the day, month and year set out hereinafter.

	PARTY OF THE FIRST PART: BORROWER	
1.	Name _____ Address _____ _____	_____ Signature of the Borrower
2.	Name _____ Address _____ _____	_____ Signature of the Borrower
3.	Name _____ Address _____ _____	_____ Signature of the Borrower
	PARTY OF THE SECOND PART: BANK	
	Name _____ Address/Regd./Office _____ _____	_____ Authorized Signatory

Schedule I and II attached to and forming part of the Loan cum Hypothecation agreement describing particulars of the amount payable

Schedule – I

Description of Credit Facilities

Loan of Rs _____ (Rupees
(_____)
(_____) disbursed in favour of manufacturer / dealer / seller as per the instructions of the Borrower, repayable in (_____) monthly installments as mentioned in Schedule III secured by hypothecation of the Assets as mentioned in Schedule – II

Schedule – II

Description of Hypothecated Asset

S. No.	Asset	Registration no.	Engine No.	Chassis No.
1.				
2.				
3.				
4.				
5.				
6.				
7.				

**Schedule III attached to and forming part of the Loan cum
Hypothecation agreement describing particulars
of the amount payable.**

1. Loan Amount sanctioned : _____
 2. Fixed Rate of interest : _____ %p.a. to be computed with monthly rests on the outstanding balance

or

Floating Interest Rate (FIR) : EBLR [_____ %] + Credit Risk Premium [_____ %]
 The Borrower agrees to pay interest at [_____ %] as Credit Risk Premium over External Benchmark based Lending Rate (EBLR), presently being. [_____ %], (hereinafter referred to as the "Benchmark Rate")
 i.e [_____ %] per annum with monthly rests.

3. Annual service / Processing charge : _____
 4. Prepayment Charges : As per Sanction Letter and Bank's Charges schedule
 5. Additional Penal Interest : As per Sanction Letter and Bank's Charges schedule
 6. Present value of Hypothecated asset : _____
 7. Flat charge for Cheque dishonor : As per Sanction Letter and Bank's Charges schedule
 8. Total Amount Payable : _____

EQUATED MONTHLY INSTALLMENT SCHEDULE (EMI)

EMI Due Date/Month	EMI Amount	Total EMI/Tenure

SCHEDULE IV

Declaration

I/We agree, declare, undertake, assure and confirm that the list of my/our legal heirs with their full names and addresses as given hereunder is to enable the Bank to take steps for recovery of its dues from any of them in the event of my demise or of any of us/during the pendency of such credit facilities extended by the Bank to me/us.

Name of the Borrower	Names of Legal Heirs	His/Her age	Relationship with the Borrower/ Guarantor	Addresses

I/We also give hereunder particulars of Movable/ Immovable properties belonging to me/us which have not been charged to the Bank as security for financial assistance granted to me/us.

Particulars	Particulars of Movable/ Immovable Properties With full Address (where Situate)	in whose name the property stands	Present encumbrance	Whether leasehold /ownership/ absolute rights	Present Market value
			Unencumbered	Absolute Rights	

			Unencumbered	Absolute Rights	
			Unencumbered	Absolute Rights	
			Unencumbered	Absolute rights	

IN WITNESS WHEREOF the parties hereto have signed the day, month and year first above written.

Name of the Borrower(s)

Signature of the Borrower(s)

Shivalik Small Finance Bank Limited

Authorized signatory.