

VMOD (To be Stamped as a hypothecation agreement)

VARTHAGAMITHRA - OD/TERM LOAN AGREEMENT

This agreement executed thisday of20.. in favour of The Karur Vysya Bank Limited, a Banking Company registered under the provisions of the Indian Companies Act, 1913 having its Registered Office at Erode Road, Karur - 639002 and a Branch at..... (hereinafter called 'the bank' which expression shall include its successors and assigns)

BY

(Borrower name & constitution),
(hereinafter referred to as the 'Borrowers' which expression shall include his/her/their heirs / executors/ administrators / successors and assigns);

Whereas the Bank, at the request of the Borrower, has granted/agreed to grant the below mentioned loan/credit facility to the Borrower/s on or after execution of this agreement.

Whereas the Borrower has agreed to avail the loan/credit facility on the terms, conditions and covenants herein contained or contained in any other document connected to the loan.

LOAN/LIMIT: VMOD - Overdraft Limit/Term Loan of Rs. (Rupees Only)

PURPOSE: The loan/ credit facility shall be utilized by the Borrower for the below mentioned purpose only and not for any other purpose. Borrower/s further agree/s that notwithstanding anything contained in this agreement, the Bank shall have the right to recall the entire loan amount together with interest and other charges or any part thereof and/or withdraw the concessions if any, such as reduced rate of interest, subsidy, in case the loan amount is/has been used for any purpose other than for which it has been sanctioned or if the bank apprehends or it has reason to believe that the borrower/s has/have violated or is violating the condition.

PURPOSE: To meet Working Capital requirements

REPAYMENT: The Borrower/s shall, on demand, forthwith repay to the Bank the outstanding/s owing to the Bank in respect of the loans inclusive of interest, commissions, costs, charges and expenses.

Rate of Interest: The borrower agrees to pay floating interest @ % which is % over and above the Base Rate of the Bank, (Present Base Rate = ... %), compounded at monthly rests, together with all costs, charges, etc.

The interest will be calculated based on the clear daily balances in the loan accounts, such interest being added to the balance outstanding at the end of each calendar month, and the said interest if unpaid will become part of the

amount advanced {(i.e.,) the principal as mentioned above} and bear interest at the same rate.

Revision of interest rate: The Borrower agrees that Bank may review and revise the Base Rate once in a quarter or as per guidelines of RBI issued from time to time. The Borrower further agrees that the Bank may change the customer specific charges or the term premium or the risk premium at any time; and consequent to such revision in the Base rate or other charges/premium, if the lending rate changes, the borrower agrees to pay the interest at the changed lending rate.

Such revision in Base rate/ lending rate as notified by the Bank in its Notice Board or Website or through other channels of mass communication shall be sufficient notice and the Borrower waives individual notice of the change.

Interest Rate Re-set: Borrower agrees that the lending rate stipulated by the Bank may also be revised and re-fixed at the time of renewal/enhancement of the facility and consequent to any change, the borrower agrees to pay the revised lending rate.

Temporary accommodation : In the event, at the specific request of the borrower, the Bank permits availment of limit in excess of the sanctioned limit by way of temporary accommodation, the borrower agrees to pay interest at 3% over and above the applicable lending rate for the amount of exceeding and for the period for which such exceeding was allowed / availed.

Penal interest: The borrower/s agree/s that the Bank is entitled to charge penal interest @ % p.a. in the event of balance in the loan account exceeding the sanctioned limit/drawing power or non-adherence to any of the terms and conditions contained in the sanction communication or for any irregularity or breach of terms contained in this agreement or violation of Reserve Bank of India directives/Bank rules; and agree/s to pay interest at such enhanced rates on the outstanding balance for the period of such default or for such period as the irregularity or breach continues, provided that the charging and payment of such enhanced rate of interest shall be without prejudice to the other rights or remedies of the Bank, either under this agreement or by law, to proceed against the borrower and/or the security/ies for such irregularity or breach. Notice regarding charging of overdue interest is waived by the Borrower/s.

COMMITMENT CHARGE: The borrower shall pay to the Bank, commitment charges at the rates that may be fixed by the bank from time to time, on the amount of the loan/limit which is not utilized by the borrower beyond the average utilization norms stipulated by the bank from time to time. Such commitment charge shall accrue from the date of first availment of the loan or the date of execution of this agreement whichever is earlier and shall be payable along with monthly interest on the date mentioned above.

SECURITY: In consideration of the Bank having granted/agreed to grant the loans/credit facilities, the borrower has agreed/undertaken to create mortgage on the Fixed Assets as mentioned in the Schedule hereunder, in favour of the Bank, by way of first charge as security for the loans and also for all indebtedness or

liabilities of the borrower/s to the Bank together with all interests, commissions, costs, charges and expenses payable to or incurred by the Bank.

The Borrower further declare that the goods, movables and other Current Assets as mentioned in the Schedule hereunder, belonging to the Borrowers which now or hereinafter from time to time during this security shall be brought in, stored in the Borrower's premises or godowns will be and stand hypothecated to the Bank by way of first charge as security for the loans and also for all indebtedness or liabilities of the borrower/s to the Bank together with all interests, commissions, costs, charges and expenses payable to or incurred by the Bank including those for the enforcement of any of the security.

The borrower/s agree/s that the demand pronote for Rs. executed by the borrower/s in bank's favour and this agreement are to operate as a continuing security for the ultimate balance with interest thereon that may be payable to the Bank upon the said cash credit/overdraft account and the said account is not to be considered to be closed for the purpose of this security and the security is not to be considered as exhausted merely by reason of the said account being brought to credit at any time or from time to time.

That the borrower/s agree/s that the securities held under the loans as aforesaid shall extend and also be held as security for any other loans or liability of the borrower/s to the bank, including ad-hoc facilities/temporary accommodation/exceeding of the sanctioned limit granted at the request of the Borrowers etc, until the entire dues to the Bank are repaid in full.

The Borrower/s shall, during the continuance of this agreement, keep the Bank fully informed of the place/s where the securities described in general terms in the Schedule/s hereto, are stored/installed/kept from time to time so that the securities in those places may deem to have been hypothecated by way of first charge to the Bank.

That a register or electronic record of the goods, produce, merchandise, stock, book debts and other similar assets hypothecated as security as aforesaid shall be kept by the Borrower/s at all times open to the inspection of the bank, in which shall be entered particulars of all goods, merchandise, produce, stock, book debts and similar assets hypothecated to the Bank under this Agreement. That all the said goods and all documents under this security shall always be kept distinct, earmarked and held as Bank's exclusive property specifically appropriated to this security to be dealt with under the directions of the Bank. The borrower/s shall furnish to the Bank monthly or at such intervals as the Bank may require, a schedule or copy of all the entries which shall have been in the said register as well as statement of stocks/book debts which stand hypothecated to the Bank and as contained in the said register/record at the close of the previous day and duly certified under the signature of the Borrower/s. The submission of statement of stock/book debts/other assets from time to time held by the borrower/s will be as agent for the Bank and in nature of rendering of account by agent to principal and statement so submitted shall be the returns of the borrower/s in his capacity as agent for holding the securities hypothecated to the Bank.

That the borrower/s shall be at liberty from time to time in the ordinary course of business to sell or dispose of any of the said goods or realize any of the book debts from his/their debtors but proceeds of sale of the goods sold or the proceeds of book debts realized shall be held in trust for the Bank and as soon as the same are received shall be paid to the bank to the credit of the cash credit loan account/s.

Insurance: That, the hypothecated goods/produce/merchandise/machineries /vehicles and/ or other movables and also the mortgaged assets owned by the borrower/ guarantor/mortgagor shall, at all times during the currency of the security, be insured and kept insured comprehensively under 'Standard Fire and Special Perils Policy' or any other such policy against Fire, Lightning, Riot, Strike, etc., and such other risks as may be required by the Borrower or by the bank or be required by law, to the full extent of the value thereof with an insurance company approved by IRDA. In case the Borrower wishes to cover additional risks, they may do so. The policy shall be taken by the borrower/s either in the name of the Bank or taken in the name of the borrower/s and assigned to the Bank and in either case, the policies shall be handed over to the Bank. The Borrower/s shall duly and punctually pay the premium on the policies atleast one week before the same shall become due or payable and handover the receipt to the Bank within seven days of payment and the borrower/s agree/s not to raise at any time any dispute as to the extent of the insurable interest of the Bank.

If the borrower/s make/s any default in effecting such insurance as aforesaid or in renewing any policy or in payment of such premia, it shall be lawful but not obligatory for the Bank to effect such insurance or to renew or to pay such premia and to keep the hypothecated properties insured to their full value and to debit the expenses incurred by the Bank for the purpose to the borrowers' said loan/cash credit/overdraft /current account with the bank and the same shall be treated as advances secured by this agreement. In such an event, the Bank will, at its discretion, take a suitable policy appropriate to the nature of securities. In case the Borrower wishes to cover additional risks, they may do so by paying the additional premia and get the endorsements.

It is specifically agreed that the non-obtention or non-renewal of insurance policy by the bank due to any reason shall not be questioned by the borrower since it is the primary obligation of the borrower to ensure that the hypothecated movables and other securities are sufficiently insured at all times. It is also specifically agreed that the non inclusion of any specific risks in the policy, if the policy is taken by the bank, shall not be questioned by the borrower.

All sums received under any such insurance as aforesaid shall after deducting there from of all expenses, be applied in or towards the liquidation of the balance due to the Bank for the time being to any other dues of the Borrower to the Bank. The borrower/s agree/s that if any moneys under any such insurance are received by the borrower/s, he/they will pay the same forthwith to the bank.

Inspection: That, it shall be lawful for the Bank and its agents without notice and at the expenses in all respects of the borrower/s to enter at any time into or upon the offices, godowns, warehouses, other premises of the borrower/s or places of

storage of any of the hypothecated properties for the purpose of inspection and of checking the hypothecated properties and taking account and inspection of books of account of the borrower/s which the Bank is hereby authorized to do and it shall also be lawful for the Bank from time to time as it may deem fit to have all or any of the mortgaged/hypothecated and charged as aforesaid valued by an Engineer or other valuer to be appointed by the bank and all such expenses and fees of such valuation shall be treated as advances by this agreement and be debited to the borrowers' loan/cash credit/ overdraft /current account and payable accordingly and shall until payments be treated as advance secured by this agreement.

Margin: The borrower/s undertake/s and agree/s to maintain a margin of % against the mortgaged securities during the continuance of the credit facility and in case of depreciation/shortfall of the security, the borrower/s undertake/s to make good the shortfall by giving other sufficient property agreeable to the Bank as security or make a cash payment to the Bank and in default thereof the Bank may at once or any time thereafter (without prejudice to the Bank's other rights of recovery) sell the hypothecated securities and apply the sale proceeds towards payment of the loan / credit facilities and interest and monies owing on the said account. The bank to make advances to the full extent of the sanctioned limit, if the required margin is not maintained.

The Bank shall be entitled to and shall be at liberty to change from time to time the margins and the Borrower shall be bound by such change.

Events of default: Notwithstanding anything contained hereinbefore regarding repayment of dues, the entire amount of the loan with interest and charges or the balance outstanding in the account shall at the option of the Bank become due and payable by the borrower to the Bank and the Bank will be entitled to realize the same and enforce the hypothecated/pledged/mortgaged securities or securities otherwise charged to the Bank, at the cost of the borrower upon the happening of any of the following events and after demand in writing namely:

- a) Interest or any part thereof in respect of the said loan being unpaid for a period of 30 days after the respective due date of repayment.
- b) Any representation or statement in the borrower's loan application being found to be materially false or incorrect.
- c) The borrower committing any breach or default in performance or observance of any term or condition contained in this agreement or in the loan application.
- d) If the borrower/mortgagor, without the consent in writing of the Bank, creates or attempt to create any further charge or mortgage or create any encumbrance on the mortgaged/hypothecated securities charged to the Bank.
- e) If any attachment or distraint or other process being enforced or levied upon the whole or any part of the borrower's property whether secured to the Bank

or not, which may in the opinion of the Bank is prejudicial to or may endanger Bank's security.

- f) Dues drawing power: if the borrower/s fail/s to maintain stipulated margin or if the borrower/s fails or neglects to repay to the bank on demand the balance then due to the bank.
- g) If the Borrower fail/s to carry out and perform any of his obligations under these presents.

As to the occurrence of the above events, decision of the Bank shall be conclusive and binding on the Borrower.

CONSEQUENCES OF DEFAULT:

Right to recall: On the occurrence of any of the events of default, it shall be lawful for the Bank, to recall the loan and demand the borrower to repay the entire outstanding dues at once.

Right to enforce security : It shall be lawful for the Bank, with a view to obtain possession, at all times and without assigning any reason and without any previous notice to the borrower/s but at the borrower/s risk and expense to enter any place where the hypothecated properties or any of them may be kept and take charge and/or possession of all or any part of the hypothecated properties and the borrower/s shall afford every facility for placing and shall place the hypothecated properties in the exclusive possession and control of the bank in such manner that such possession and control shall be apparent and indisputable.

The borrower/s shall on demand, deliver to the bank the keys of any place in which any of the hypothecated properties may from time to time be stored. In default, the Bank may take necessary steps to take possession of the securities hypothecated either by themselves or through any of its authorized recovery agents, and place them in charge of a Receiver who shall hold the possession of the hypothecated properties and the borrower/s shall bear all the costs and expenses of or in connection thereto. The bank may also engage the services of an appraiser or valuer to inspect the said securities and the fees and expenses shall be borne by the Borrower. Any moneys payable by the borrower/s (under this clause) shall until payment by the borrower/s be treated as advance secured by this agreement and be debited to the borrower/s in the said Loan/Cash Credit/ Overdraft/Current account and be payable accordingly and such payment be treated as an advance secured by this agreement.

It shall be lawful for the Bank to deal with any of the hypothecated Book Debts/Receivables or any part thereof and to enforce, realize, settle /compromise and to deal with any of the debtors and the borrower/s under takes to transfer and deliver to the bank all relative contracts, securities and documents. The borrower hereby agree/s that the bank shall have the power, without consulting the borrower, to demand and collect the book debts from any of the debtors and give valid discharge/receipt for the same.

It is specifically agreed that the Bank will be at liberty to engage/employ recovery/seizure agents to recover the loans in the event of default by the Borrower.

That, the bank shall not be in any way liable or responsible for any loss, damage or depreciation which the mortgaged/hypothecated properties may suffer or sustain on any account whatsoever while the same are in the possession of the Bank or its agent during the continuance of this agreement or thereafter and all such damage or depreciation shall be wholly on account to the borrower/s howsoever the same has been caused nor shall the bank be responsible for any shortage resulting from theft or pilferage or otherwise howsoever notwithstanding that the hypothecated properties may be in the possession of or under the control of the Bank.

It shall be lawful for the Bank at any time after taking possession of the hypothecated properties to appoint receivers or remove and/or shall have power to sell either by public auction or by private contract subject to such conditions as the Bank shall think fit or otherwise dispose of or deal with any of the hypothecated properties or any part or parts thereof and to enforce, realize, settle compromise and to deal with any rights or claims regarding any of the hypothecated securities.

The borrower hereby agree/s that the bank shall have power, without consulting the borrower, to settle any claim by any other person on the hypothecated securities/properties or any part thereof and the borrower/s shall be bound by the bank's decision and that any loss, damage or costs or expenses that may arise or caused by such decision shall be at the risk and on account of the borrower/s.

Appropriation of sale proceeds: That, the Bank shall apply the net proceeds of sale of the mortgaged/hypothecated properties in satisfaction so far as the same shall extend to the balance due to the Bank on the said loan/credit facilities of the borrower/s or so much thereof as shall remain unpaid including interest at the rates aforesaid until payment and including all costs as between attorney and client, charges and expenses actually incurred by the bank on any account whatsoever including sales tax.

If the net sum realized by such sale be insufficient to cover the balance due to the bank, the borrower/s shall be liable forthwith on production to the borrower/s of an account to be prepared and signed (which shall be conclusive) to pay the balance appearing due to the bank.

Without prejudice to such obligation of the borrower/s, the bank shall be entitled (but shall not be bound) to apply any other money or monies in the hands of the bank standing to the credit of or belonging to the borrower/s, or any money which the borrower/s may then or at any time thereafter be entitled to draw from the bank under any loan, cash credit, overdraft or any other arrangement or goods the properties of the borrower/s stored in the bank's premises or godown in or towards payment of the balance for the time being due to the bank and in the event of such money or monies being insufficient for the discharge in full of such balance, the borrower/s shall be liable forthwith on production to

the borrower/s of an account to be prepared and signed (which shall be conclusive) to pay the balance appearing due to the bank thereon provided always that nothing herein contained shall be deemed to negate or otherwise prejudicially affect the right of the bank which it is hereby expressly agreed that the bank shall have to recover from the borrower/s the balance remaining due from the borrower/s to the bank upon the said loan/credit facilities notwithstanding that all or any hypothecated properties/ securities may not have been realized.

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/s 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 payment for liquidation of any or all other monies which shall or may become due from the borrower/s whether solely or jointly with any other person or persons, firm or company to the bank by way of loans discounted bills, letters of credit, guarantees, charges of any other debts or liabilities including bills, notes, credits and other obligations current though not then due or payable or other demands legal or equitable which the law of set off of mutual credit would in case admit and whether the borrower/s shall become or be adjudicated bankrupt or insolvent or be in liquidation or otherwise with interest there on from the date on which any and all advances in respect thereof shall have been made at the rate or respective rates at which the same shall have been so advanced.

That, if after the settlement of all claims of the bank against the borrower/s, any surplus shall remain the bank shall pay such surplus to the borrower/s.

Notice: That, any notice in writing required to be served on the borrower/s shall be deemed to be sufficiently served if addressed to the borrower/s at the address given and left at such address or forwarded by post. A notice sent by post shall be deemed to be given at the time when in the course of post it will be delivered at the address to which it is sent. If for any reason the borrower/s cannot be given any such notice the same may be inserted once in an advertisement in one of the local dailies shall be deemed to be sufficient notice.

General:

That, in case the borrower is a firm, no change in the constitution of such firm during the continuance of this agreement shall impair or discharge the liability of the borrower or any one or more of them hereunder.

That, if the borrower/s be more than one individual each one or any of them is/are authorized and empowered by the other/s of them to admit and acknowledge his/their liability to the bank by any payment into the account/s or by way of express writing in any manner or otherwise and any such admission and acknowledgement of the liability by one or more of them shall be construed to have been made on behalf of each of them.

That, the Borrowers shall not be entitled to interest for any sum which may at any time stand to their credit in this account.

That, this agreement is not to prejudice the rights and remedies of the bank against the borrower/s irrespective and independent of this agreement in respect of any other advances made or to be made by the bank to the borrower/s.

That, the borrower/s hereby agree/s that the bank may hold all securities belonging to borrower which may now be in the bank's possession or which may at any time hereinafter come into bank's possession and the proceeds thereof respectively not only for the specific advance made thereon but also as collateral security for any other monies now due or which may at any time be due from borrower/s to the bank, whether singly or jointly with another or others.

Transfer of loan account: It is expressly agreed and declared by the Borrower that in the event of the borrower making a request to transfer the limits/outstanding liabilities to any other branch of the Bank for being availed and operated on the ground of convenience or for any other reason acceptable to the Bank and Bank agrees to transfer the limits and/or grants further limits as per records and documents separately to be obtained for such further limits by the concerned branch/es, the security created and to be created by way of hypothecation, assignment, pledge and mortgage, etc., as the case may be, in favour of the branch in which the account/s is/are maintained shall be available to the branch/es of the bank to which such limits stand transferred for the repayment of the amounts now due and that may be due hereafter by the borrower or by the borrower jointly with others in any other account/s and the documents/records already created shall continue to be enforceable against the borrower in all respects and for all purposes and intents the said documents/records shall be taken as if they are executed by the borrower in favour of the branch/es to which such limits stand transferred.

Right of set-off: That, the borrower/s further agree/s that in addition to any general lien or similar right to which Bank may be entitled by law the bank may at any time and without notice to the borrowers combine or consolidate all or any of the borrower/s account and set off or transfer any sum or sums standing to the credit of any one or more of such accounts in or towards satisfaction of any of borrower's liabilities to the bank on any other account or any other respect, whether such liabilities be actual or contingent primary or collateral and several or joint. The borrower hereby unconditionally and irrevocably authorizes the Bank to pre-close and adjust from and out of any type of deposit/s the borrower holds or to be held with the Bank. The borrower hereby declare and confirm that the Bank shall always have its lien over the Jewels/goods pledged by him/them with a further authority that the Bank at its discretion can sell the Jewels/goods pledged and after appropriating the sale proceeds towards the Jewel Loan/Pledged Account, the surplus can be credited to the loan account of borrower. The above right of the bank can be exercised at any time during the pendency of the loan and notice in this regard is dispensed with.

Processing charges: Simultaneously with the execution of this agreement, the Borrower shall pay to the Bank the sum specified in the sanction letter as non-refundable processing charges.

Right to assign: The Bank shall be entitled at its sole discretion to sell, assign, discount or transfer the Bank's right and obligations under this agreement to any person(s) / institution(s) of the Bank's choice in whole or in part and in such manner and on such terms as the Bank may decide. Any such sale assignment or transfer shall conclusively bind the Borrower. The Borrower shall not be entitled to directly or indirectly assign the benefit or obligation of this agreement. No prior notice of assignment need be given to the borrower.

Disclosure of information: In the event of the bank applying for and availing refinance from the Small Industries Development Bank of India (SIDBI)/National Bank for Agriculture and Rural Development (NABARD)/any other refinance institution in respect of the above advances the borrower/s hereby further agree/s that the bank shall be at liberty to furnish to the SIDBI/NABARD/Refinance Institution any such information or report, whether received by the bank from the borrower/s or otherwise in the bank's possession.

The Borrower understand that as a pre condition, relating to grant of loans/advances /other Non funded based credit facilities to the Borrower, the Bank requires their consent for the disclosure by the bank, the information and data relating to Borrower, obligation assumed/to be assumed by the Borrower in relation thereto and default, if any committed in discharge thereof.

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 the Borrower
- b) Information or data relating to any credit facility availed of/to be availed, by the Borrower
- c) Default if any committed by the Borrower, in discharge of such obligation

as the Bank may deem appropriate and necessary to disclose and furnish to credit information Bureau (India) Ltd., and to any other agency authorized in this behalf by RBI.

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

The Borrower undertake that:

- a) the credit information Bureau (India) Ltd, and any other agency so authorized may use, process the said information and data disclosed by the bank in the manner as deemed fit by them and
- b) the credit Information Bureau (India) Ltd and any other agency so authorized may furnish for consideration the processed information and data or products thereof prepared by them to banks/financial institutions and other credit grantors or registered users, as may be specified by the Reserve Bank of India in this behalf.

Jurisdiction: Any dispute or difference arising in respect of the loan shall be referred to the Courts at the place where the loan was disbursed.

SCHEDULE OF REPAYMENT
(Furnish the exact Schedule as per Sanction)

SCHEDULE OF MORTGAGED SECURITIES

SCHEDULE OF HYPOTHECATED SECURITIES

IN WITNESS whereof the Borrower has hereunto set their hand on the day mentioned above.

Signature of Borrower/s