

CASH-CREDIT (MUDRA) LOAN SCHEME - SALIENT FEATURES

1. Brief background

As per NSSO survey (2013), there are around 5.77 crore small/micro units in the country, engaging around 12 crore people, mostly individual proprietorship/Own Account Enterprises. Over 60% of units are owned by persons belonging to Scheduled Caste, Scheduled Tribe or Other Backward Classes. Most of these units are outside the formal banking system, and hence are forced to borrow from informal sources or use their limited owned funds. Cash-Credit Loan Scheme has been proposed to bridge this gap. Cash-Credit Loan Scheme will aim to increase the confidence of the aspiring young person to become first generation entrepreneurs as also of existing small businesses to expand their activities.

2. Brief details of the Product

Cash-Credit loans are extended by banks, NBFCs, MFIs and other eligible financial intermediaries. This envisages providing Cash-Credit loan, upto '10 lakh, to income generating micro enterprises engaged in manufacturing, trading and services sectors.

The Cash-Credit loans are extended under following three categories :

- ❖ Loans upto 50,000/- :- To be sanctioned by Branch Manager
- ❖ Loans from 50,001/- to 5 lakhs :- To be sanctioned by Dy. G. M. (NFS)
- ❖ Loans from 5,00,001/- to 20 lakhs :- To be sanctioned by M. D.
- ❖ Loans from 20,00,001/- to 2 Crores :- To be sanctioned by Board Of Directors

3. Eligible borrowers

- ❖ Individuals
- ❖ Proprietary concern.
- ❖ Partnership Firm.
- ❖ Private Ltd. Company.
- ❖ Public Company.
- ❖ Any other legal forms.

The applicant should not be defaulter to any bank or financial institution and should have a satisfactory credit track record. The individual borrowers may be required to possess the necessary skills/experience/ knowledge to undertake the proposed activity. The need for educational qualification, if any, need to be assessed based on the nature of the proposed activity, and its requirement.

4. Purpose of Assistance/Nature of assistance.

Need based term loan/OD limit/composite loan to eligible borrowers for acquiring capital assets and/or working capital/marketing related requirements. The Cash-Credit loans are provided for income generating small business activity in manufacturing, processing, service sector or trading. Including Allied Agricultural Activities viz, Poultry, Dairy Processing Unit.



The Project cost is decided based on business plan and the investment proposed. Cash-Credit loan is not for consumption/personal needs.

For the purpose of working capital limit, Cash-Credit has launched a new product called “**Cash-Credit Card**”, which is a Debit card issued on RuPay platform, and provides hassle free credit in a flexible manner.

5. Amount of assistance

Upto to Rs. 2 (Two) Crores

6. Margin/Promoters Contribution

For Loans upto Rs. 50,000/- Nil

For Loans above Rs. 50,000/- 25%

Margin/Promoters Contribution is as per the policy framework of the bank, based on overall guidelines of RBI in this regard. Banks may not insist for margin for Shishu loans.

7. Interest rate : 12% Per Annum

Interest rates are to be charged as per the policy decision of the bank. However, the interest rate charged to ultimate borrowers shall be reasonable. Scheduled Commercial Banks, RRBs and Co-operative Banks wishing to avail of refinance from Cash-Credit will have to peg their interest rates, as advised by Cash-Credit Ltd., from time to time.

8. Upfront fee/Processing charges.

Banks may consider charging of upfront fee as per their internal guidelines. The upfront fee/processing charges for loans are waived by most banks.

9. Security

- A. First charge on all assets created out of the loan extended to the borrower and the assets which are directly associated with the business/project for which credit has been extended.
- B. DPN (wherever applicable).
- C. Incase of Loans Above Rs. 10 (Ten) lakhs third party guarantee worth value of Loan & collateral security for at least 60% of the loan amount, in the form of liquid security or mortgage of Land / Building of the borrower or guarantors.
- D. CGTMSE (wherever felt desirable)/Cash-Credit Guarantee cover (as and when introduced).

In terms of RBI guidelines issued vide Master Circular on lending to MSME Sector (para 4.2) dated July 01, 2014, in respect of loans upto ` 10 lakh, banks are mandated not to accept collateral security in the case of loans upto ` 10 lakh extended to units in the Micro Small Enterprises (MSE) Sector. Banks are required to encourage their branch level functionaries to avail of the Credit Guarantee Scheme cover, wherever felt desirable.



10. Tenor of Assistance

Based on the economic life of the assets created and also the cash flow generated. However, Cash-Credit's refinance assistance will be for a maximum tenor of 36 months which will also be aligned to terms of allotment of Cash-Credit funds by RBI from time to time.

11. Repayment

Term Loan :- To be repaid in suitable installments with suitable moratorium period as per cash flow of the business.

OD & CC Limit : Repayable on demand. Renewal and Annual Review as per internal guidelines of the Bank.

12. Availability of the loan

Cash-Credit loan under PMMY is available at all bank branches across the country. Cash-Credit loan is also issued by NBFCs / MFIs who are engaged in financing for micro enterprises in small business activities.

13. Micro Units Development & Refinance Agency Limited (Cash-Credit Ltd)

MSME Development Centre, C-11, G-Block,

Bandra Kurla Complex, Bandra E, Mumbai - 400 051.

Phone-022-67221465

Email : help@Cash-Credit.org.in

Website:www.Cash-Credit.org.in



Purpose of Cash-Credit Loan

Cash-Credit loan is extended for a variety of purposes which provide income generation and employment creation. The loans are extended mainly for :

- (i) Business loan for Vendors, Traders, Shopkeepers and other Service Sector activities.
- (ii) Working capital loan through Cash-Credit Cards.
- (iii) Equipment Finance for Micro Units.
- (iv) Transport Vehicle loans.

Following is an illustrative list of the activities that can be covered under Cash-Credit loans:

1 Transport Vehicle

Purchase of transport vehicles for goods and personal transport such as auto rickshaw, small goods transport vehicle, 3 wheelers, e-rickshaw, passenger cars, taxis, etc.

2 Community, Social & Personal Service Activities

Saloons, beauty parlours, gymnasium, boutiques, tailoring shops, dry cleaning, cycle and motorcycle repair shop, DTP and Photocopying Facilities, Medicine Shops, Courier Agents, etc.

3 Food Products Sector

Activities such as papad making, achaar making, jam / jelly making, agricultural produce preservation at rural level, sweet shops, small service food stalls and day to day catering / canteen services, cold chain vehicles, cold storages, ice making units, ice cream making units, biscuit, bread and bun making, etc.

4 Textile Products Sector / Activity

Handloom, powerloom, khadi activity, chikan work, zari and zardozi work, traditional embroidery and hand work, traditional dyeing and printing, apparel design, knitting, cotton ginning, computerized embroidery, stitching and other textile non garment products such as bags, vehicle accessories, furnishing accessories, etc.





FORM-A-1

THE SAMASTIPUR DISTRICT CENTRAL CO-OPERATIVE BANK LIMITED**APPLICATION FOR CREDIT FACILITIES
(RUPEES TEN LACS AND ABOVE)**

Name of the Borrower :

Details of Credit Facilities Applied for :

(Rs. in Lacs)

Name of facility	Limits		Security offered	Purpose of advance
	Existing	Proposed		

1.1 Borrowing limits :

(a) C. C. Hypothecation

(b) Term Loans

Total of 1.1 (a to b)

1.2 If the limits are on consortium

basis, please give names of
other banks / financial institutions
and leader of consortium and
details of limits availed

2. Existing activities :

2.1 Address of Registered Office/ Principal Office (with Tel. Nos.)

2.2 Location of business/ factory (with Tel. Nos.)

2.3 Names of authorised representatives and their designations, for
discussions with the Bank.

2.4 Date of incorporation/ date of commencement of production / business. (Applicants seeking facilities for the first time, to submit Memorandum and Articles of Association for company, Society, Partnership Firms, Partnership Deed, and Trust Deed for Trust as the case may be duly certified.)

2.5 In case of SSI Units, give date of registration and certified copies of Registration Certificate.

2.6 Line of business / manufacturing activity (separately for each division in case of more than one Unit / Division only).

2.7 Production Capacity (separately for each Divn.)	Licensed	Installed	Operating
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2.8 Give details of the associate companies in the Group, their borrowing arrangements with banker's names and Branch address where the accounts are maintained.

3. Ownership and Management :

3.1 Name of Directors/ Partners/ Proprietor/ Committee members/ Trustees
Proof of Identity / Proof of Residence / Aadhar Card / Pan Card (Photocopy to be enclosed)

3.2 Names of other concerns /
Associates / companies/ Society in
Which the above are interested either as Director/
Partner/Committee member, etc.

3.3 Details of guarantees given to others by the above (3.1)

3.4 Furnish list of major shareholders with no. of shares - both Equity and Preference



3.5 Please give in brief the Management set up of the Concern indicating the names of the Managing Director / Chief Executive, Departmental Heads of Purchase / Production / Marketing / Finance

4. Production and marketing facilities :

4.1 Please give particulars of availability of various product and other infrastructure facilities indicating changes made / proposed, if any

4.2 Explain chronic difficulties being faced, if any, in production, procurement of raw materials, power, transportation, etc., and strategies to overcome the same

4.3 Please indicate your marketing set up with list of your main buyers, terms of sale including period of credit normally offered

4.4 General marketing outlook for the company's products both in the domestic and export markets

4.5 Explain in brief, if the company has any costing system

5. Performance and Projections :

5.1 Furnish copy of company's latest available audited Balance Sheet in duplicate.

5.2 Furnish month-wise purchase, production and sales figures in quantity and value for the period subsequent to the last audited Balance Sheet.
(in separate annexure).

5.3 Furnish copies of provisional Balance Sheet for the 6 months Period subsequent to the last audited Balance Sheet.



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- 5.4 Please attach copies of the month-wise Stock statements in prescribed format Submitted to the Bank for the last 12 months. Please state whether the stocks are fully insured against all types of risks.
- 5.5 State briefly comments on your present performance and future projections vis-a-vis sales, profits, expansion / modernisation programmes on hand / completed / proposed indicating the purpose, project cost, source of funds, its impact on sales and profits.
- 5.6 Describe briefly major problems faced / likely to be felt in production, marketing , power, labour, etc., during current / ensuing year and steps taken / proposed for overcoming this.

- 5.7 Please give broad break-up of the Following items as on the date of balance sheet for the last 2 years.
- | | Year ended | Year ended |
|--|------------|------------|
|--|------------|------------|

a. Sundry Creditors :

Creditors for purchase of raw Materials and stores. Creditors for capital expenditure Creditors for expenses Other creditors

Year ended	Year ended
------------	------------

b. Advances receivable :

Advances for purchase of raw Materials and stores.
Advances to subsidiaries / affiliates
Advances to : Employees
Directors
Other loans and advances.



c. Sundry debtors :

Upto 3 months Upto 6 months Above 6 months

d. Dues from sister and associated concern and recovery programme

5.8 If, as on the date of balance sheet, the concern has obtained unsecured loans please give particulars of these loans, (submit list of persons/ concerns in a separate annexure)

5.9 Please give details of plant and

Machinery procured on lease basis viz :

Name of the leasing Company

List of assets

Value of the assets

Value of lease

Period of lease

Lease rental per month / year and date of commencement

Lease rental paid (and upto which date)

Balance lease rental payable

Details of security charged

6. Assessment of Working Capital:

6.1 Please enclose CAS form duly completed

6.2 If it is not possible to avail working capital under method II, then explain reason and plan for switch over to this method

6.3 If company is sanctioned limits against book debts, the limits should be progressively converted to Bills Limit.

6.4 Has the concern has approached any member of consortium for additional working capital, if so enclose detail.



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7. If concern has plan to raise long term debts viz. term loan, debenture, bond, public deposit.
 8. If concern has lent any money to subsidiary or associate concern. Please indicate plan of recovery of such dues.
 9. Please give details of statutory dues, if any.
 10. If the concern has any other business viz. deposit or guarantee etc., mention detail.
 - 10.1 If the concern has any foreign exchange business, give details.
 - 10.2 Any other information, which is relevant to consideration of the proposal.

I declare that the information given in this application is true to the best of my knowledge and belief.

Date _____

Place _____

Signature of the applicant

Enclosures: a) Article Memorandum of association/ Partnership deed/ Trust deed b) SSI registration/ Shop & Establishment Act registration c) Details of director/ partner/ member/ trustee in Form-A-11 d) Audited Balance Sheet for last three years e) IT return /assessment for last three years f) Sales tax/ Excise tax return/ assessment for last three years f) Rent agreement/ ownership details of the premises g) Project report with present requirements etc.

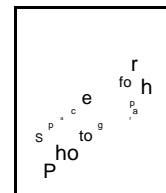




FORM-A-2

THE SAMASTIPUR DISTRICT CENTRAL CO-OPERATIVE BANK LIMITED

APPLICATION FOR CREDIT FACILITIES (BELOW RUPEES TEN LACS)



1. Name of the applicant :
2. Address of Office :
:
:
3. Address of Residence :
:
:
4. Address of Factory/ Shop :
:
:
:
5. Constitution :
(Attach copy of Bye-laws, Partnership :
Deed/ Memorandum and Articles of :
Association/ copy of Registration Certificate)
6. Name(s) of Sole Proprietor/Partners/ :
Director/ Managing Agents/ Managing :
Directors/ Committee members :
:
:
7. Nature of Industry/ Trade (Manufacturing, :
Services, Retail, Wholesale)
8. Line of Manufacturing/ Trade/ Services :
9. Date of Commencement of business :
Brief History (About the activity) :
:
:
:



11. Cost of plant and machinery :

:

12. Unit price of stocks :

:

13: Credit Requirements :

14. Term Loan : Amount

Purpose

15. Cash Credit (Hypothecation) : Amount

Purpose

16. Others : Amount

Purpose

: Amount

Purpose

17. Security Offered :

:

:

18. Collateral Security Offered :

:

:

19. I undertake to abide with the terms and conditions of this loan/cash credit/other facilities. I further declare that the information given in this application is true to the best of my knowledge and belief.

Date :

Place :

Signature of the applicant

Enclosures : **a)** Audited Balance Sheet for three years, **b)** IT return of the firm, proprietor and guarantors, **c)** Sales Tax/ Excise Tax return, **d)** Registration under Shop and Establishment Act or with District Industrial Centre, **e)** Personal details of borrower and guarantor in form A-11, **f)** Rent agreement/ premises detail, **g)** A three years projected balance sheet and Profit & Loss Account/ Project Report.



CASH-CREDIT MUDRA LOAN (PROPOSAL FORM)

DEPUTY GENERAL MANAGER (FOR CONTROL)

BRANCH MANAGER (FOR SANCTION)

This format is for the purpose of information and intimation to the next higher up after processing/sanction of the loan application proposal. All columns must be duly filled and submitted to the next higher up (Branch Manager to Deputy General Manager and Dy. Gen. Manager to Managing Director) within a week of the processing/sanction of the loan.

ADVANCES:

BRANCH :

1. Name of the Applicant:

2. Residence Address:

Phone No.

3. Date of establishment:

4. Constitution:

5. Purpose of loan:

6. Amount of loan to be sanctioned Rs.

(Amt in Rs)

Sr No	Description of items	Rate	Qty.	Total	Term Loan	Margin
TOTAL						
SUPPLIER						

7. Margin :

8. Rate of Interest : _____ % (3% + Term premium _____ %) above Base Rate
present effective Rate of interest at _____ % with monthly rests.



9. Repayment:

Period : _____ Months	Details of the Installments
Moratorium	
No of Installments: _____	Each Installment of Rs_____, plus interest as and when applied. Interest to be served during moratorium period also.

10. Insurance :As Applicable or waived

11. Pre-sanction : The pre sanction survey is carried out on _____ detailed report attached.

12. Inspection: Yearly. Post inspection to ensure end use of fund. Inspections are to be done shor intervals i.e. once in three months, if account shows signs of distress

SECURITY:

Primary : Hypothecation of assets created out of banks finance .

Collatera :

GENERAL REMARKS :

In view of the above mentioned, we recommend to sanction a Cash Credit/Medium Term Loan of Rs._____/ - to Mr/Mrs/Ms _____ for _____ months with terms and condition mentioned in Annexure-A.

Appraising and Assessment Officer

THE SAMASTIPUR DISTRICT CENTRAL COOPERATIVE BANK LTD..

Date :



ANNEXURE –A**Name of the Applicant : Shri** _____

Name of the Branch where account will be operative :

TERMS AND CONDITIONS :

1.	LIMIT AND SECURITY	
	Medium Term loan	Rs.
	Primary Security	
	Collateral:	
2.	MARGINS	_____ % Rs _____/-
3.	RATE OF INTEREST	_____ % (3% + Term premium _____ %) above Base Rate presently Base Rate 9.70 % wef 08.06.2015), present effective Rate of interest at _____ % with monthly rests.
4.	PENAL RATE OF INTEREST	As applicable.
5.	INSURANCE	
6.	REPAYMENT OF TERM LOAN	
7.	INSPECTION	<u>Yearly</u> . Post inspection to ensure end use of fund. Inspections are to be done at shorter intervals i.e once in three months, if account shows signs of distress.
8.	DOCUMENTS	As per SME Documentation
9.	DISBURSEMENT	
10	OTHER COVENANTS	



From :

To,

The Branch Manager

The Samastipur District Central Co-operative Bank Ltd.

.....

Dear Sir,

STANDING INSTRUCTION : TERM LOAN ACCOUNT

Debit SB/CD/CC A/c No. _____ Credit TL A/c No. _____

I/We have applied for a Loan of Rs. _____ under Term Loan Scheme for purchase of Shop/Renovation / Purchase of Car & Other purpose purchase of _____ and accordingly a loan of Rs. _____ has been sanctioned to me/us vide sanction letter No _____ dated _____. In respect of above loan, I/We hereby authorize you to debit my Saving Bank / Current Deposit / Cash Credit Account No. _____ Maintained at SBI _____ Branch and credit the loan account No. _____ for the amount of EMI / PED of Rs. _____ + Interest till the liquidation the loan account.

This Standing Instruction will commence with effect from _____ / _____ / _____ for principal amount and from _____ for interest amount and / or from _____ / _____ / _____ for EMI.

Yours faithfully,

(_____)

Date : _____



Stamp

SME-2

AGREEMENT OF LOAN-CUM-HYPOTHECATION

(To be stamped as an Agreement + Hypothecation + Indemnity + General Power of Attorney)

(Not to be Attested)

1	Date of execution	
2	Place of execution	
3	Name of the Borrower(s) <i>[Full name in block letters]</i>	
4	Address of the Borrower(s)	
	Telephone No.....Off.....Res Fax No. E-mail ID	
5	Date of Borrower(s)'s application	
6	Full name, age, designation / capacity of the person/s executing the Agreement for and on behalf of the Borrower(s) (Ex.: Firm / Company/Society/HUF etc.)	
7	Name and full address of the Bank / Branch	THE SAMASTIPUR DISTRICT CENTRAL COOPERATIVE BANK LTD., a Scheduled Bank constituted under the Cooperative Societies Act, 1935, and having its Head Office at Ashok Rajpath, Patna and a Branch among other places _____ at _____ (Full address of the branch to be given)
8	Aggregate limits sanctioned (In figures and words)	

(The expression "the Borrower(s)" wherever the context permits shall include Proprietor/s, Partners in a partnership firm, Coparceners of a Joint Hindu family, Trustees of a Trust, Society, Company and its/his/her/their respective heirs, executors, administrators, legal representatives, authorised persons, successors and assigns and the expression "the Bank/Branch" shall include its successors and assigns)

WHEREAS at the request of the Borrower(s), the Bank has granted or agreed to grant or continue certain credit facilities for the purpose of business/s set out in the Borrower(s)'s application and subsequent correspondence thereto (referred to as the "Borrower's proposal") by way of working capital / fixed capital / flexible loans / foreign currency loans or such other loans / facilities upon



execution of documents and creation of securities stipulated in the Letter of Arrangement in the manner and on the terms and conditions hereinafter appearing.

NOW IN CONSIDERATION OF THE PREMISES it is agreed by the Borrower(s) hereto as follows:

1.(a) The Bank, at its discretion may grant or agree to grant or continue, all or any of the credit facilities now or hereafter at any time or from time to time up to the above mentioned aggregate limit - the details as to the facilities, limits, interest, rests and terms of repayment are more specifically mentioned in **SCHEDULE-A** hereunder written, for the purpose(s) set forth in the Borrower's proposal, which shall be deemed to constitute the basis and part of these presents. The Borrower(s) hereby warrants the correctness of every one of the statements, representations and undertakes to carry out the Borrower's proposal as set out in its entirety with a further undertaking to notify the Bank in writing of any deviations or modifications thereto immediately upon such occurrence. The credit facilities granted or agreed to be granted or continued, now or hereafter by the Bank (hereinafter referred to as "the said facilities") shall be availed / utilized exclusively by the Borrower(s) for no purposes other than those mentioned in the Borrower(s)'s proposal.

(b) The Borrower(s) agrees that the facilities granted and agreed to be granted or continued shall be governed by the terms and conditions as set out in the Letter of Arrangement as also herein contained as well as those embodied in the relative security documents.

2. Interest shall be charged on the outstanding(s) in the accounts opened in respect of the aforesaid credit facilities at such rate(s) as may be determined by the Bank from time to time at the Bank's sole discretion. Thus the present effective rate of interest being _____% p.a. calculated on daily balance of the loan amount at monthly rests.

Where interest is charged by the Bank at a concessionary rate because of the credit facilities being granted by the Bank to the borrower under the Interest Subsidy Scheme or any other scheme(s) formulated by the Government and/or RBI and/or any other authority from time to time, the Borrower agrees, declares, confirms and affirms that in the event of withdrawal, modification and/or variation of such scheme(s), the concessionary rate or rates of interest shall stand withdrawn and the usual rate or rates of interest applicable at the material time to such credit facilities shall become effective and the Bank shall become entitled to charge such rate or rates of interest and the Borrower shall pay to the Bank on demand the difference between such concessionary rate or rates and the usual rate of interest of the Bank applicable at the material time to such credit facilities and such difference shall become due and payable by the borrower to the Bank from the date the withdrawal, modification and/or variation of such scheme(s) become effective.

The Bank shall be entitled to charge at its own discretion such enhanced rate of interest on the account(s) either on the entire outstandings or on a portion thereof as it may fix for any irregularity including non-observance or non-compliance of terms and conditions of the advances or any change in the credit rating of the borrower, for such period as the Bank deems it necessary and charging of such enhanced rate of interest shall be without prejudice to the Bank's other rights and remedies.

Borrower shall be deemed to have notice of change in the rate of interest when the changes are notified at/displayed at the branch or published in a newspaper or in the website of the Bank or made through the statement of account or by debit to the loan account.

3. The Borrower(s) expressly agrees that the said facilities or the terms thereof may be revised or cancelled at the Bank's discretion for any reason whatsoever such as Bank's policy or Borrower(s) conduct of the accounts and the Borrower(s) hereby agrees to repay all the monies at once due to the Bank and or abide by such new or revised terms and conditions.

4.(a) The Borrower(s) shall pay all the balances owing and outstanding under or at the foot of the accounts under or in respect of the said facilities on demand inclusive of interest compounded



monthly or quarterly or half-yearly as the case may be upto the date of payment including accrued but unapplied interest together with all service charges, commitment charges, overdue / enhanced rate of interest, costs, charges and expenses (including the legal costs between the client and advocate on full indemnity basis) and all such monies debited or accrued in the accounts in respect of the said facilities immediately upon demand being made by the Bank or in accordance with the terms stipulated for each of the said facilities as the case may be.

(b) Without prejudice to the above, in the case of Term Loan facility the Borrower(s) shall repay the amounts of the said Term Loan by monthly or quarterly or half yearly or yearly instalments as stipulated by the Bank. Notwithstanding anything contained herein or in any law for the time being in force, the Bank may at the request of the Borrower(s), permit or has permitted the Borrower(s) to avail the Term Loan facility either in one lumpsum or in stages as and when the same is requested. Each such portion of the availed Term Loan will be debited to the Term Loan facility and the number of instalments and the amounts in respect of each of the instalments will be intimated to the Borrower(s) by means of a separate communication at the time of disbursement of each portion of the availed Term Loan, each of which communications and the letter/s of request of the Borrower(s) shall become part of these presents upon such issuance and the Borrower(s) hereby agrees to be bound by the terms and conditions stipulated therein by the Bank.

5.(a) In the case of Open Term Loan facility, the Borrower(s) shall be required to avail and utilise the said facility within such period from the date of its sanction (referred to as 'the currency of sanction') and for such specified purposes as may be expressly stipulated in the Letter of Arrangement by the Bank, provided however that the Borrower(s) shall have the flexibility or the option to avail the said Term Loan either in one lumpsum or in stages or at such intervals or at multiple times as the Borrower(s) may desire subject to strict compliance or adherence to the stipulation as to the maximum time limit of the prescribed period and to the aggregate limit in the said facility.

(b) The Borrower(s) expressly agrees that in the event of / in case the limits or portions of the said facility have been / are partially availed and utilized or remain unutilized within the prescribed period, then and in that event, the limit itself or such portion of the unutilized portion of the limit in the said facility shall expire and be not available to the Borrower(s) to any intent and for any purpose of whatsoever nature including the specified purposes prescribed in the Letter of Arrangement.

(c) The Borrower(s) acknowledges and agrees that the Bank is / shall be at liberty to effect disbursements in the said facility for each component of the sanction corresponding / relating to each of the specified purposes, as sub-limits or loans and such installment disbursements shall, in case the Bank so chooses, be treated as though such incremental disbursements are individual loans for its accounting purposes / practices and in all such cases the period of repayment for each such sub -limits or loans shall commence from the date of respective disbursements for each sub-limits or loans. Notwithstanding the above discretion of the Bank, the Bank may also with the consent of the Borrower(s) combine and constitute all sub-limits or loans as one limit or loan by rearranging or rescheduling the repayment schedules of such sub-limits and loans at the end of the currency of sanction in such manner that the maximum period of repayment shall not exceed the period prescribed in the Letter of Arrangement.

(d) The Borrower(s) agrees that in the case of multiple disbursements of the said facility, the instalments for each purpose of disbursements and the amounts in respect of each instalment and the number of instalments will be intimated to the Borrower(s) by the Bank, by separate communications or exchange of letters in this behalf between the Bank and Borrower(s), each of which communications and letter/s of request of the Borrower(s) or the aforesaid said letters



exchanged shall become part of these presents and the Borrower(s) hereby agrees to be bound by the terms and conditions stipulated therein by the Bank in such manner that the maximum period of repayment shall not exceed the period stipulated in the Letter of Arrangement.

6. The Borrower(s) hereby agrees that all present and future stocks, raw materials, goods, book-debts, and vehicles and all other movable assets of the Borrower(s) including receivables, documents of title to goods, outstanding monies, bills, invoices documents, contracts, insurance policies, guarantees, engagements, securities, investments and rights and the present machinery listed in **SCHEDULE- B** hereunder and all the future machinery belonging to or in the possession or control of the Borrower(s) wherever lying, stored and kept and whether in possession of the Borrower(s) or of the Bank or of any third party whether in India or elsewhere including all such goods, vehicles, other movable assets as may be in the course of shipment, transit or delivery and all the machinery, vehicles, and other equipment items of whatever nature acquired by the Borrower(s) pursuant or subsequent to these presents hereby agreed to be furnished in Form SME-2.A (hereinafter collectively referred to as "the said assets") shall stand hypothecated to the Bank by way of first charge as security for the due repayment and discharge by the Borrower(s) to the Bank on demand of all the monies, at any time payable by the Borrower(s) under or in respect of the said facilities and whether for principal, interest, service charges, commitment charges, commission, discount or for costs, charges and expenses or all other monies payable hereunder or in respect of any liability undertaken by the Bank for the Borrower(s) and / or which may be incurred by the Bank and also for the due observance, performance and discharge of all obligations arising hereunder Provided however, that where the Bank has at the specific request of the Borrower/s and in its sole discretion communicated in writing to the Borrower/s that in respect of any specific facility/limit, this charge by way of hypothecation will not operate, such facility/limit shall be deemed as not having been secured by hypothecation by the Borrower/s as stated hereinabove notwithstanding the incorporation such specific facility/limit in the Schedules hereunder written.

7. That all the said assets hereunder secured are the absolute property of the Borrower(s) at its sole disposal and free from any prior encumbrances, attachments, charges and that all further assets that may be secured shall likewise be unencumbered, absolute and disposable property of the Borrower(s). The Borrower(s) further confirms that the said assets are not subject matter of any proceedings or attachments under the Income Tax Act 1961 or any Sales Tax laws or under any other like fiscal laws for the time being in force.

8. The Bank shall not in any way be responsible for the quantity, quality, weight, value and final condition of the said assets when they come into its possession and / or for any loss, destruction or deterioration or damage occasioned by theft, pilferage, robbery, fire, riots and civil commotion, malicious damages or howsoever may arise including any act, negligence, omission, default of the officers of the Bank or its agents.

9. The Borrower(s) hereby agrees that notwithstanding anything contained herein or in any other documents, the entire balances then due under the said facilities shall, if so decided by the Bank, become forthwith due and payable upon the happening of any of the following events and the Bank shall be entitled to enforce its security:

- a. Any instalment of the principal or interest remaining unpaid and in arrears for a period of one month after the due date whether demanded or not;
- b. The borrower committing any breach or default in the performance or observance of any of the terms contained herein or in the Borrower(s)'s proposal or any other documents;
- c. If any of the representations or the documents furnished by the Borrower(s) in its application are found to be untrue or false or incorrect;



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- d. Upon entering into any arrangement or composition with its creditors or committing any act of insolvency;
 - e. Any execution or other similar process being levied or enforced against the borrower;
 - f. If an order is made or a resolution passed for the winding up or a petition of winding up is filed or notice of meeting to pass such a resolution is issued;
 - g. A receiver being appointed for all or any part of the borrower's property;
 - h. If the borrower ceases to carry on business or threatens not to carry on business;
 - i. If any circumstances shall occur which in the opinion of the Bank is prejudicial to or imperils or is likely to prejudice or imperil the security or which affects adversely the Borrower(s)'s capacity to repay any amounts under the said facilities;
 - j. If the Borrower(s) does not submit the required statements or misutilises / diverts the monies or the said assets without the Bank's prior permission / knowledge;

Whether any of the above events has happened or not, the decision of the Bank shall be conclusive, final and binding on the Borrower(s).

PROVIDED ALWAYS THAT the Bank may in its discretion refrain from forthwith enforcing its rights hereunder in spite of the happening of any of the above events and provided further that any failure or delay in exercising any right, power or privilege hereunder or under other security documents or any single or partial exercise of such right, power, or privilege shall not impair / extinguish or preclude the Bank any further exercise of the same or operate as a waiver or exercise of any other power or right or privilege. The rights and remedies of the Bank are only cumulative and not exclusive.

10. The Bank and its nominees shall without notice but at the Borrower(s)'s risk and expenses and as its Attorney, be entitled to enter any place where the said assets, books of accounts, vouchers, records, other documents relating thereto may be and inspect, value, dispose and / or take particulars of all or any part of the said assets and also on any default of the Borrower(s) in payment of any money hereby secured or the performance of any obligation or breach of any terms of this Agreement or terms of sanction or the occurrence of any circumstances which in the opinion of the Bank endangers or is prejudicial to or imperil the security hereby created to take charge of, seize, recover, remove, receive all or any part of the said assets and also all the books of accounts, vouchers, records and other documents relating thereto and thereupon either forthwith or at any time to sell, realize, dispose of and deal with in any manner including by public auction or tender or private contract and whether with or without intervention of the Court all or any part of the said assets and upon such terms as the Bank may deem fit.

11. The Borrower(s) shall at all times indemnify and keep indemnified the Bank from and against all suits, proceedings, costs, charges, claims and demands whatsoever that may at any time arise or be brought or made by any person against the Bank in respect of any acts, matters and things lawfully done or caused to be done in connection with the said assets.

12.(a) The Borrower(s) irrevocably constitutes and appoints the Bank to be its Attorney to do and execute for and in the name and on behalf of the Borrower(s) all or any of the acts, deeds and things that is to say to take over and carry on the business, to sign, register, file any applications, forms, contracts, agreements, transfers, acceptances, receipts, and any other documents and to demand, receive, sign and endorse all negotiable instruments, debts, dividends, mandates or other orders for payment of money by whatever nature or delivery, of property, to transfer or realize or deal with any goods, machinery and other movables or immovables, to appoint selling agents, to appoint proxies for voting in the meeting of any Company in which the Borrower(s) holds any



shares, debentures, stocks, etc., to attend and represent before any authority or tribunal and for the purpose to sign, execute and deliver all such documents and make all such declarations as may be necessary, generally to act in the premises as fully and effectually with all intents and purposes and to do all things as are necessary and which the Borrower(s) himself would do if personally present, for all and any of the purposes aforesaid to appoint a substitute or substitutes.

(b) The Borrower(s) hereby ratifies and confirms all the acts, things, deeds performed or to be performed by the Bank or its nominee or its substitutes in pursuance of any of the aforesaid powers and the powers hereby conferred shall not be determined or affected by the fact of the Borrower(s) acting personally or through another in the premises.

(c) The aforesaid powers which may be exercised by the Bank in its sole discretion but not obliged to do so shall subsist in favour of the Bank till all the dues are paid by the Borrower(s).

13. The Borrower(s) agrees and gives consent without any demur or protestation that

(a) In the event of default in repayment of any monies or in the performance or breach of any terms or obligations, the Bank and / or the Reserve Bank of India or any other authorized agency will have an absolute discretion or unqualified right, power and authority to disclose or publish names of the borrower(s) and or its directors / partners / office bearers / constituents / members as DEFAULTER in such manner as they think fit;

(b) the Credit Information Bureau (India) Ltd. or any other authorized agency may use, process, publish or furnish for consideration or otherwise the information disclosed and / or data or products prepared by them to any person, and to other credit granters and confirms that the Borrower(s) shall not raise any dispute whatsoever in that behalf in all respects and to all intents.

14. The Borrower(s) agrees that it shall not induct any person/s who is a director on the Board of a company which is/has been identified as a willful defaulter and that in case such a person is found to be on the Board of the Borrower(s), it would at once take expeditious and effective steps for removal of such person/s from its Board.

15. This Agreement is a continuing security for all the amounts advanced to the Borrower(s) under the said facilities as also for all interest, costs, charges, expenses and / or other monies, indebtedness and liabilities which may from time to time become due and remain unpaid to the Bank hereunder and shall not be determined or be affected by any account/s becoming nil or coming into credit or being closed at any time or fluctuations or partial payments in any accounts and / or fresh account/s being opened in respect of fresh / revised facilities granted / being granted to the Borrower(s).

16. The Bank shall be entitled to adjust, appropriate or set-off or exercise lien of or on all monies, securities, goods, instruments held to the credit or for the benefit of the Borrower(s) on any account or coming into the control or possession of the Bank in any of its branches whether for any specified purpose or otherwise, with or without any particular mandate and whether singly or jointly, towards the discharge and satisfaction of the liability of the Borrower(s).

17. The Borrower(s) shall be liable to the Bank notwithstanding any change in the legal status or constitution of the Borrower(s) whether by way of amalgamation, merger, takeover, dissolution, winding up, insolvency, nationalisation or otherwise howsoever either by operation of law or by act of the parties but shall remain in full force and be valid and enforceable against the Borrower(s) including the entities who shall come into existence upon such change or constitution as if they were the parties to these presents since its inception till full discharge of all the obligations or payments to the Bank.

18. If the Borrower(s) be more than one individual or entity, each one or any of them is hereby authorised by the others of them to admit and acknowledge their liability to the Bank by any payment into the account or by way of writing or in any manner otherwise and any such



acknowledgement of liability or part payment by any one or more of them shall in addition to his / their personal capacity be deemed to have been made on behalf of each or any of them for the purposes of Sections 18 and 19 of the Limitation Act, 1963.

19. The Borrower(s) agrees that the terms and conditions contained herein and/or the security created on the said assets shall ensure, extend, subsist and be valid and enforceable for the entire aggregate limit including any of the facilities/limits and/or the new facilities/limits within the aggregate limit not intended to be so specifically covered by the securities herein, notwithstanding anything contained to the contrary in any of the relative documents or the granting of increased or totally new facilities/limits or fresh accounts being opened in respect of existing/revised facilities or accounts coming into credit or inter-changeability or cancellation of certain facilities/limits within the aggregate limit granted or agreed to be granted or continued by the Bank to the Borrower(s) by/under these presents.

20. Nothing herein contained shall prejudice any rights or remedies of the Bank in respect of any other present or future security, guarantee, obligation or decree for any indebtedness or liability of the Borrower(s) to the Bank.

21. The Borrower/s hereby gives free and unambiguous consent for the said facilities granted or agreed to be granted or continued as stated hereinabove by the Bank to the Borrower/s being recovered as a public demand/monies in terms of any Legislation relating to recoveries thereof, where such consent is necessary under such legislation.

22. Any demand or notice to be made or given to the Borrower(s) hereto may be made or given by Fascimile (Fax), Courier or by leaving the same at or by registered post acknowledgement in an envelope addressed to the Borrower(s) at the address mentioned hereinabove and any / every such demand or notice shall be deemed to have been received as the case may be at which it was left or at which it would have been delivered in the ordinary course of post at the above address.



SCHEDULE A HEREINABOVE REFERRED TO

THE FACILITIES WITH THE LIMITS GRANTED / AGREED TO BE GRANTED OR CONTINUED
THE BANK IN TERMS OF THESE PRESENTS

WORKING CAPITAL FACILITIES:

Sr No.	Name of the facility	Limit (Rupees in lac)	Rate of interest	Rests for Compounding
1				
All the above facilities with the limits are payable on demand				

Term Loan:

(Rupees in lacs)

Sr No.	Amount	No. of Instalments	Amount of <i>Instalment</i>	<u>Periodicity</u> Monthly/ Quarterly Half -Yearly/ Yearly	Rests	Interest

OPEN TERM LOAN N.A.

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SCHEDULE B HEREINABOVE REFERRED TO

Description of Hypothecated Assets			
Nature of the Stocks, Book Debts, Receivables			

Details of Investments / Insurance policies / Deposit receipts / Securities			
Sl.	Description of the securities	Distinctive /certificate number	Value

Description of the machinery, vehicles & other equipment items							
Sl.	Description	Make & Year	Model	Identification Marks	Engine No.	Chassis No.	Value Price



OR ANY OTHER DESCRIPTION / DETAILS

.....
.....

IN WITNESS WHEREOF the Borrower(s) hereto have executed these presents the day, month and year first hereinabove written.

Signature of the Borrower(s)
(Name/s in block letters)

NOTE

Names of the Borrower(s) must be written in BLOCK LETTERS under his signature In the case of a Company, Board Resolution must be passed and obtained for Bank's record. Common Seal must be affixed as per the Articles of Association of the Company.



Stamp as applicable

SME-1

LETTER OF ARRANGEMENT

(To be issued in duplicate)

To

(Borrower's name & address)

Letter No.:

Date: _____

_____ Dear Sirs,

ADVANCES TO SME SEGMENT

SANCTION OF CREDIT FACILITIES

With reference to your application dated _____ requesting us for sanction / renewal of Working Capital Limits and / or Term Loan Limits at existing / enhanced levels and subsequent correspondence in this regard, we have pleasure in advising sanction of the following credit facilities, which are available subject to your acceptance / fulfillment of the Terms and Conditions detailed in Annexures A & B:

(Rs. in lac)

SL	FACILITY	LIMIT
A] FUND BASED LIMITS:		
a		-
b		-
c		-
d		-
e		-
f		-
Total of Fund Based Limits		-
B] NON-FUND BASED LIMITS:		
a		-
b		-
c		-
Total of Non-Fund Based Limits		-
TOTAL LIMITS		-

(Please furnish particulars of inter-changeability between limits, if any)



We are forwarding this letter in duplicate along with Annexures A & B and shall be glad if you return to us the originals duly signed by you and the guarantors in token of having accepted the Terms and Conditions, below the words "We Accept" appearing at the end of the Annexures and retain the duplicate thereof for your record.

Thereafter, you may call on us with the guarantors, preferably with prior appointment, to execute the documents in this regard.

Assuring you of our best services at all times.

Yours faithfully,

BRANCH MANAGER
-----,

Encl.: Terms and Conditions – Annexures A & B



TERMS AND CONDITIONS

ANNEXURE A

9. SECURITY:

LIMIT	PRIMARY SECURITY	COLLATERAL SECURITY	
		IMMOVABLE	THIRD PARTY
		PROPERTY	GUARANTEE
FUND BASED:			
NON-FUND BASED:			

10. PERIOD OF ADVANCE & REPAYMENT TERMS:

Working Capital: Repayable on demand. The facility which has been sanctioned on _____ is available for _____ months from that date, subject to review every _____ months, when it may be cancelled / reduced depending upon the conduct and utilisation of the advance, or as per the Bank's Scheme.

Term Loan: To be availed within a period of _____ months from the date of sanction.

The Term Loan is to be repaid as per the following repayment schedule:

In _____ monthly / quarterly instalments of Rs. _____ each, with the first instalment commencing on _____ and the last instalment falling due on _____.

Others: Interest shall be payable on the outstandings in the loan accounts computed on daily balances basis duly compounded and debited to the accounts at monthly rests on the last working day of every month, in accordance with the accounting practices of the Bank from time to time.

Commitment charges, as applicable, shall be payable in case of non-utilisation of sanctioned limits.

Pre-payment charges, as applicable, shall be payable in case of pre-payment of Term Loan instalments.



11. RATE OF INTEREST :

Working Capital: Present effective rate _____ % p.a calculated on daily products at monthly rests.

Term Loan:

Interest at _____ % margin above the Base Rate which is presently 9.70 % p.a w.e.f. 08/06/2015 . Present effective rate _____ % p.a calculated on daily product at monthly rests. Bank shall at any time and from time to time be entitled to vary the margin based on the Credit Risk Assessment of the borrower and the Base Rate at its discretion.

Accrued but unapplied interest, if any, shall be governed by RBI's directives on IRAC norms.

Interest rates on facilities extended in foreign currency shall be linked to LIBOR rates.

Application of interest in respect of Agricultural Advances shall be in line with the harvesting seasons.

Enhanced Interest:

7. Enhanced rate of interest at 1% cumulatively subject to a maximum of 2% will be charged for the period of delay in respect of:
 14. Delayed/non-submission of financial data required for review / renewal of limits
 15. Delayed/non-submission of annual financial statements
 16. Delayed/non-submission of stock statements
8. Enhanced rate will be charged on the excess drawings in case any irregularity / breach is continuously less than 60 days, and if it exceeds beyond 60 days, on the entire outstandings from the date of irregularity / breach. Enhanced interest will be compounded monthly.
9. The Bank shall also be entitled to charge at its discretion, enhanced interest rates on the accounts either on the entire outstandings or on a portion thereof, for any irregularity including non-observance or non-compliance of the Terms and Conditions of the advances, for such period as the Bank deems it necessary.

12. MARGINS:

SL.	ITEM	MARGIN (IN %)
A	FUND BASED LIMITS	-
a	Raw Materials : Imported	-
b	Raw Materials : Indigenous	-
c	Semi-Finished Goods	-
d	Finished Goods	-
e	Components / Consumables / Spares	-
f	Domestic Receivables	-
g	Export Packing Credit	-
h	Term Loan	-
B	NON-FUND BASED LIMITS	-
a	Letters of Credit	-
b	Bank Guarantees	-



13. TENOR / RETENTION PERIOD OF BILLS:

_____ days. The cover period of _____ days for Receivables would be extended only in respect of buyers other than associate / sister concerns. Receivables beyond _____ days will not be reckoned for computing Drawing Power. Drawing Power will also not be available on unpaid stocks.

14. INSURANCE:

All the assets charged to the Bank should always be fully insured by the Borrower against fire, lightning, riots, strikes, floods, cyclones, earthquakes, civil commotion, and other natural calamities, etc., with a company approved by the Bank in the joint names of the Bank and yourselves, at your cost for full market value or Bank's interest, whichever is higher. The policies / cover notes should be lodged with the Bank. The policies should be kept alive (current) during the currency of the advance. In the event of non-compliance, the Bank reserves the right (but not be bound to exercise) to take the insurance cover as required by the Bank by debit to your account. The machinery to be purchased out of the Term Loan, if any, to be insured for the full market value or original cost of the machinery, whichever is higher. Likewise all the renewals of the policies should also be effected /done by the Borrower at all materials.

15. CREDIT GUARANTEE COVER:

8. Pre-shipment Credit, if any, will be covered by the Bank under the Individual Packing Credit Guarantee (IPCG) of ECGC, with premium payable by debit to your account.
9. Post-shipment policy of ECGC with buyer-wise limits for non-L/C exports to be obtained by you at your cost, if applicable.
10. ECGC officials have the right to inspect the Unit, if considered necessary.
11. Credit Guarantee under CGTSI Scheme to be covered, wherever applicable.

16. STOCK STATEMENTS:

Statements of Stocks / Receivables hypothecated / pledged to the Bank are to be submitted regularly at monthly intervals as on the last day of every month before the 10th of the following month / within 10 days from the date of stock statement and / or whenever there is a large variation in stocks / Book Debts and also as on the date of the Balance Sheet (31st March). The statement should not include stagnant / obsolete / rejected stocks. Bills / Sundry Debtors outstanding beyond cover period should be shown separately in the statement. Sales and purchases figures for the month are to be reported. The details of unpaid stock with value should be shown separately. The Stock Statement should be signed by the authorized signatory. Suitable books / registers of the stock position are to be maintained at the factory / business premises.

The Stock Statement should invariably contain complete particulars of stocks, debtors (along with complete address), creditors, usance L/Cs opened, etc. It is essential that the outstanding borrowings at all times are fully covered by the value of security hypothecated, less the stipulated margins to be reckoned as per valuation of inventory given under Para 11 below. If at any time, the Drawing Power yielded by the stocks, debtors, etc., held by you falls below the amount borrowed, such excess drawings shall be adjusted forthwith. Partywise / agewise details for each bill raised shall be submitted on a monthly basis for computation of Drawing Power against Book Debts. Further, the level of Creditors / Acceptances over and above the accepted level will be deducted while computing Drawing Power.



17. INSPECTIONS:

The Bank's officials / inspectors are to be permitted in the factory / business premises as and when required to inspect the stocks / books / equipment. Where the premises are leased / hired, necessary approvals to the effect from the Lessor, if any required, are to be obtained. All assistance to be extended to the Bank's officials in conducting and completing such inspections smoothly. Necessary remedial steps also to be taken to rectify any shortcomings, if any, pointed out by the Bank's officials. The cost of such inspections shall be borne by you.

18. VALUATION OF INVENTORY:

ITEM	TO BE VALUED AT
Imported Raw Material	Landed cost (i.e., invoice value plus Customs Duty but excluding Sales Tax and demurrage, if any) or market price, whichever is lower
Indigenous Raw Material, packing materials, consumable stores and spares	Invoice price or market price or Govt. controlled price, whichever is the lowest
Semi-Finished Goods and Finished Goods	Cost of Production or Selling Price or market price or Govt. controlled rates, whichever is the lowest

19. SECURITY DOCUMENTS:

The following security documents shall be executed by you and the Guarantors:

- a. Agreement of Loan-cum-Hypothecation
- b. Guarantee Agreement
- c. Mortgage documents
- d. any other documents as may be required by the Bank

20. OPEN TERM LOAN:

The following Terms and Conditions, amongst others, shall apply in respect of Open Term Loan Facility if any, sanctioned to you by the Bank:

- a) The loan has been considered for the following genuine commercial purposes in line with the regular business activity of the Unit:
 - i)
 - ii)
- b) The said facility is to be availed within ____ months from the date of sanction (currency of sanction). If the limits are not availed & utilized or only partially availed & utilized within ____ months from the date of sanction, the limit or unutilized portion of the limit, as the case may be, will lapse and shall, therefore, not be disbursed.
- c) The total amount that would be disbursed will not exceed the overall limit sanctioned under this facility and multiple withdrawals also may be permitted only within the currency of sanction.



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- d) Every disbursement under this facility shall be made on receipt of a written request from you within the currency of sanction and release shall be subject to scrutiny of basic financial information.
 - e) The Bank shall be free to treat each disbursement as an individual loan or limit for accounting or any other purposes.
 - f) The period of repayment will commence from the date of the first drawdown for each sub-limit or loan in the facility.
 - g) The Bank may club together the repayment of the instalments of different sub-limits or loan disbursed and may be done on a month end / calendar quarter end, etc.
 - h) In the event of multiple disbursements, the Bank shall stipulate the repayment instalments for each purpose of drawal.
 - i) At the end of the currency of sanction, the Bank may combine and constitute all sub-limits or loans as one limit or loan by re-arranging or re-scheduling the repayment schedules in such a manner that the maximum period of repayment shall not exceed ____ period.
 - j) The letters exchanged between the Bank and you shall form an integral part of the security documents and shall be annexed to the General Agreement for Term Loan / Agreement of Loan-cum-Hypothecation.
 - k) The primary security shall be hypothecation of the machinery purchased out of the Open Term Loan and the collateral security shall be
 - i)
 - ii)



TERMS & CONDITIONS

ANNEXURE B

- a) Disbursement will be made only after completion of security documentation and formalities in respect of mortgage creation / extension. In respect of companies, in addition to these two requirements, charge to be filed with the Registrar of Companies within the prescribed period for creating a charge in favour of the Bank.
- b) Drawings in the account will be regulated on the basis of Drawing Power computed as per the latest Stock Statement.
- c) The Bank will have the right to examine at all times the Unit's books of account and to have the Unit's factories / offices / showrooms inspected from time to time by the officials of the Bank and / or qualified auditors and / or technical experts and / or management consultants or other persons of the Bank's choice.
- d) The Unit should not be dissolved / reconstituted without obtaining Bank's prior approval in writing. Post-facto approval of reconstitution / dissolution will not be accorded nor the existing guarantors shall be released if the dissolution / reconstitution is effected without prior approval in writing.
- e) The Unit should maintain adequate books and records which should correctly reflect their financial position and scope of operations and should submit at stipulated intervals such statements as may be prescribed by the Bank. The Unit should produce books of accounts for the inspection of Bank staff as and when called for.
- f) The Unit should submit provisional financial statements within one month and audited financial statements within three months from the date of closure of the accounting year. The returns submitted to the Sales Tax and Income Tax authorities should also be submitted to the Bank.
- g) The Unit should confine their entire business including foreign exchange business to us.
- h) The Bank will have the option of appointing its nominee on the Board of Directors of the Unit to look after its interests.
- i) The Capital invested in the business by the proprietor / partners / directors should not be withdrawn during the currency of our advance.
- j) In case the Unit fails to complete the formalities with regard to creation of a charge in favour of the Bank within a period of two months from the date of this letter, an enhanced interest of 1% on the outstandings or reduction of Drawing Power by 10% / 20% or both will be considered without any reference to the Unit.
- k) The Unit should keep the Bank informed of the happening of any event likely to have a substantial effect on their profits or business and the remedial measures taken in this regard.
- l) The Unit should keep the Bank informed of any circumstances adversely affecting the financial position of their sister / associate / family / subsidiary / group concerns in which it has invested, including any action taken by any creditor against the aid Units legally or otherwise.
- m) After accounting for provision for taxation, the Bank will have the first charge on the profits of the Unit towards repayment of instalments under Term Loans sanctioned / DPGs executed by the Bank or other repayment obligations, interest and any other dues from the Unit to the Bank.



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- n) The proprietor / partners / directors should not withdraw the profits earned in the business / capital invested in the business without meeting the instalment(s) payable under the Term Loan. In the case of Companies, dividend should be declared only after meeting the dues to the Bank.
 - o) All moneys raised by way of deposits from friends, relatives and / or from any other source should not be withdrawn / repaid during the currency of the Bank's advance. Suitable stamped letters of undertaking from the Unit and 'No Withdrawal' letters from the depositors should be submitted to this effect to the Bank.
 - p) The Bank's name board(s) should be displayed prominently or painted on the machines pledged / hypothecated to the Bank and / or in the premises where the machines are installed and a list of such assets should also be displayed in the Unit.
 - q) The Unit and other depositors of title deeds should possess a clear, absolute and marketable title to the properties proposed to be legally / equitably mortgaged in favour of the Bank to the satisfaction of the Bank's solicitors / advocates. Further, the said properties are to be revalued as and when required at your cost.
 - r) Any legal expenses such as a solicitor's / advocate's fees, stamp duty, registration charges and other incidental expenses incurred in connection with the advance should be borne by the Unit.
 - s) In respect of Working Capital Limits of Rs. 1 crore and above, Financial Follow-up Report (FFR I) should be submitted at quarterly intervals within six weeks (42 days) from the close of relative quarter. FFR II (Half-yearly Operating Statement) should be submitted at half-yearly intervals within 8 weeks (56 days) from the close of the relative half-year. Non-submission of the statements will be construed as non-compliance of the covenants.
 - t) A charge of Rs _____ NA _____/- will be levied per branch allocation in respect of limits allocated to other branches of the Bank.
 - u) In respect of creation / extension of Equitable Mortgage in respect of property offered as collateral security to the Bank, a charge of Rs. _____/ - plus service tax, plus education cess will be levied. Documentation charge of Rs. _____/ - plus service tax, plus education cess will be levied
 - v) Processing charges as applicable (_____ % plus service tax, plus education cess of loan amount) on the Working Capital limits sanctioned will be charged annually or at the time of renewal, whichever is earlier. Upfront fee at the rate of _____ % of limits sanctioned will be charged in respect of Term Loan.
 - w) If the Credit Rating awarded to the Unit is below SB- _____, the risk rating will be reviewed half -yearly. The Unit should provide necessary information to facilitate such a review. In the absence of half-yearly review for want of such information, the risk rating will automatically slip by one step.
 - x) Next renewal of the above facilities is due on _____ 2016. The Unit is required to submit financial data one month before the due date.
 - y) In respect of Term Loans, enhanced rate of interest is payable under the following circumstances:
 - a) Non-payment of interest / instalments
 - b) Cross default



c) Adverse deviation by more than 20% from stipulated level in respect of any two of the following items : (i) Current Ratio, (ii) TOL / TNW and (iii) Interest Coverage Ratio

z). In respect of certain schemes such as Swarojgar Credit Card, etc., the facility should be covered under the Group Insurance Scheme.

aa) In case of a Company being the borrower, the following terms are applicable:

a) A resolution to be passed in a meeting of the Board of Directors of the Company for availing the credit facilities sanctioned by the Bank and a duly certified extract to be submitted to the Bank. The resolution should contain, *inter alia*, the following particulars:

- i) Acceptance of the Terms & Conditions of the credit facilities sanctioned to the Company.
- ii) Authority in favour of Directors / Authorised Signatory to execute the security documents for availing the credit facilities sanctioned to the Company.
- iii) Authority in favour of Directors / Authorised Signatory for filing the documents and Form 8 and 13 with the Registrar of Companies for creating a charge over the assets of the Company in favour of the Bank.
- iv) Affixation of the Company's Common Seal on the security documents and vesting of authority to authenticate such affixation.
- v) Requesting the guarantors to offer their Personal Guarantee / Corporate Guarantee in favour of the Bank for the credit facilities sanctioned to the Company.
- vi) Creation of first charge on the assets of the Company in favour of the Bank for the credit facilities sanctioned to the Company.
- b) The charge over the assets of the Company in respect of the limits sanctioned herein should be registered with the Registrar of Companies within 30 days from the date of execution of documents and filed copies of Form 8 and Form 13, together with receipt should be deposited with us. The Certificate of Registration is to be produced to the Bank within reasonable time for our records.

ab) During the currency of the Bank's credit facilities, the Unit / Guarantors will not, without the Bank's prior permission in writing:

- i) Effect any change in the Unit's capital structure.
- ii) Implement any scheme of expansion / modernization / diversification / renovation or acquire any fixed assets during any accounting year, except such schemes which have already been approved by the Bank.
- iii) Formulate any scheme of amalgamation or reconstruction.
- iv) Invest by way of share capital or lend or advance funds to or place deposits with any other concern, including sister / associate / family / subsidiary/ group concerns. However, normal trade credit or security deposits in the normal course of business or advances to employees can be excluded.
- v) Enter into borrowing arrangements either secured or unsecured with any other bank, Financial Institution, company or person.
- vi) Undertake guarantee obligations on behalf of any other company, firm or person.



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- vii) Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations.
 - viii) Effect any drastic change in their management setup.
 - ix) Effect any change in the remuneration payable to the Directors / Partners, etc. either in the form of sitting fees or otherwise.
 - x) Pay guarantee commission to the guarantors whose guarantees have been stipulated / furnished for the credit limits sanctioned by the Bank.
 - xi) Create any further charge, lien or encumbrance over the assets and properties of the Unit / Guarantors to be charged / charged to the Bank in favour of any other bank, Financial Institution, firm or person.
 - xii) Sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the Bank.
 - xiii) Undertake any trading activity other than the sale of produce arising out of its own manufacturing / trading operations.
 - xiv) Open any account with any other bank. If already opened, the details thereof is to be given immediately and a confirmation to this effect given to the Bank.
- ac) The following particulars / documents are to be furnished / submitted to the Bank:
- i) Permanent Account Number (PAN) of each Borrower / Guarantor and Corporate Identity Number (CIN) in the case of companies.
 - ii) Passport Number and other details including photocopies.
 - iii) 3 self-attested photographs of the Borrower and Guarantors.
 - iv) Location / site-map of immovable properties with important landmarks.
 - v) Names and addresses / occupations of all the legal heirs of Borrower and Guarantors.
 - vi) Details of properties not charged to the Bank
 - vii) A copy of Code of Bank's commitment to Micro and Small Enterprises is received
 - viii) (1) I/We, understand that as a precondition,- relation to grant of the loans/ advances/ other non-fund based credit facilities to and furnishing of guarantee in relation thereto, The Samastipur District Central Co-operative Bank Ltd requires consent of the guarantor(s) of the credit facilities, granted / to be granted, by the bank for disclosure of, information and data relating to the guarantor(s), any credit facility availed of by the guarantor(s), obligations as assumed by the guarantor(s), in relation thereto and default, if any, committed, in discharge thereof.
 - (2) Accordingly, I/We, hereby agree and give consent for the disclosure by The Samastipur District Central Co-operative Bank Ltd of all or any such : (a) Information and data relating to me/us; (b) The information or data relating to my/our, obligations in any credit facility granted / to be granted, by the bank and guaranteed by me/us, as a guarantor; and (c) Default, if any, committed by me/us, in discharge of my/our such obligation, as The Samastipur District Central Co-operative Bank Ltd may deem appropriate and necessary, to disclose and furnish to Credit Information Bureau (India) Ltd. and any other agency authorized in this behalf by RBI.
 - (3) I/We declare that the information and data furnished by me/us to The Samastipur District Central Co-operative Bank Ltd are true and correct.



(4) I/We undertake that : (a) The Credit Information Bureau (India) Ltd and any other agency so Authorized my 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 in this behalf.

ix) Notwithstanding anything contained hereinabove, we confirm having agreed that the Bank reserves the absolute right to cancel the limits (either fully or partially) unconditionally without prior notice

(a) in case the limits/part of the limits are not utilized by us, and/or

(b) in case of deterioration in the loan accounts in any manner whatsoever, and/or

(c) in case of non-compliance of terms and conditions of sanction.

x) Valid EM to be created before release of limits.

xi) To obtain a recent stock statement of the firm, peruse it and verify the stocks and value declared therein after deducting the prescribed margin to be submitted quarterly.

xii) Unit has to route all transaction through our Bank only.

“During the currency of the Credit facility the bank will have the option of calling up the advance and also withdraw cheque facility in terms of the Bank’s policy on dishonor of cheque, in case incidence of frequent dishonor of cheque/failed ECS (debit) due to insufficient funds is observed in the account. For details, please refer to the policy on dishonor of cheque displayed at www.sbi.co.in.”

We accept

Borrower(s)

Guarantor(s)

PASSPORT SIZE PHOTOGRAPHS OF BORROWER(S)



PASSPORT SIZE PHOTOGRAPHS OF THE GUARANTOR(S)

Note: Self attested passport size photographs of the Borrowers and the Guarantors to be affixed



SME-2.A**[To be annexed to Form SME-2]**

Unstamped letter furnishing particulars of assets / vehicles / equipment, machines, etc.

To,
The Chief Manager,
The Samastipur District Central Cooperative Bank Ltd.,

Date.....

Dear Sir,

As you are aware, by an Agreement of Loan-cum-Hypothecation dated....., the Bank has at our request granted to us a loan of Rs. _____ for the purpose of purchasing vehicle / equipment / machines, etc. on the same being secured by hypothecation.

2. We now furnish below the full particulars of vehicles /equipment / machines, etc. under hypothecation to the Bank (Referred to in the Agreement of Loan-cum-Hypothecation) as security for the said loan.

Class of vehicle / equipment	
Maker's name	
Year of manufacture	
Number of cylinders / capacity	
Chassis Number	
Engine number	
Machine serial number	
Fuel used in engine	
Horse power	
Maker's classification	
If not known, wheel base	
Seating capacity	
Unladen weight	



Any other description:

3. We hereby confirm and declare that the Bank shall have and shall be deemed always to have first and paramount charge over the aforesaid vehicles / equipment by way of hypothecation in accordance with the terms and conditions mentioned and contained in the aforesaid Agreement of Loan-cum-Hypothecation.

Yours truly,

Signature of the Borrower(s)

