

Account No: \_\_\_\_\_

Agreement Date: \_\_\_\_\_

# **HYPOTHECATION CUM LOAN AGREEMENT**

**BETWEEN**

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**AND**

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for

Authorised Signatory

CO-BORROWER/GUARANTOR

BORROWER

# **LOAN AGREEMENT**

This Loan Agreement is made on this ..... day of ..... 20 .....

## **AMONGST**

....., PAN: ....., CIN No: .....  
a company incorporated under the Indian companies Act, 1956 and having its registered office at .....  
..... (hereinafter referred to as "the Lender" which expression  
shall unless be repugnant to the context or, meaning include its successors and assigns) of the FIRST PART

## **AND**

.....  
.....  
.....  
(hereinafter referred to as the "Borrower(s)" which expression shall, unless be repugnant to the context, mean  
and include legal heirs, representatives in interest, executors, administrators, successors and permitted assigns)  
of the SECOND PART.

## **AND**

.....  
.....  
.....  
(hereinafter referred to as the "Co-Borrower(s)/Guarantor(s)" which expression shall, unless be repugnant to the  
context, mean and include legal heirs, representatives in interest, executors, administrators, successors and  
permitted assigns) of the THIRD PART.

WHEREAS the Borrower(s) and Co-Borrower(s) /Guarantor(s) have requested for a Loan facility to the Borrower  
for the purchase / in respect of an asset (hereinafter referred to as "the asset") more fully described in the second  
schedule hereunder.

AND WHEREAS relying upon the representations made by the Borrower(s) and Co-Borrower(s) /Guarantor(s), the  
Lender has agreed to make available the Loan facility to the Borrower(s) upon the terms and conditions mentioned  
hereinafter.

## **ARTICLE 1 DEFINITIONS**

### **1.1 Unless the context otherwise require:**

- a. The term "Contract" means the formal agreement reduced into writing and entered into between the Lender and the borrower/co-borrower/Guarantor upon the disbursal of the loan amount and the terms "first schedule", "second schedule" and "third schedule" mean the first, second and the third schedule to the contract.
- b. The term "Loan" means the Loan referred to in Article 2.1 of the terms and conditions/the contract and the first schedule.
- c. The term "repayment" means the repayment of the principal amount of Loan, interest thereon, commitment and/or any other charges, premium, fees or other dues payable in terms of the contract to the Lender and means in particular, amortization provided for in Article 2.9 of the contract.
- d. The term "prepayment" means and includes the pre-closure payment /premature repayment or the part prepayment, as per the terms and conditions laid down by the Lender in that behalf and in force at the time of such payment.
- e. The term "Asset" or "the said Asset" means the Vehicle or Machinery for the purchase/in respect of which the Loan has been granted by the Lender to the Borrower) and which is hypothecated by the Borrower in favour of the Lender by way of security.
- f. The expression "rates and interest" means that rate of interest referred to in Article 2.2 of the contract.
- g. The expression "Instalment" means the amount of monthly payment specified in the third schedule, necessary to amortize the Loan with interest, over the period of the Loan.

for

**Authorised Signatory**

**CO-BORROWER/GUARANTOR**

**BORROWER**

- h. The term "Penal Charges" means the pre-determined liquidated damages agreed to be paid by the Borrower on account of default in payment of instalments on due dates mentioned in the third schedule to the Contract.
- i. The term "Post Dated Cheques" or "PDCs" means cheques of the amount of the instalment drawn by the Borrower and / or Co-Borrower/Guarantor in favour of the Lender for the amount of the instalment by carrying the dates to match the due date of each Instalment.
  - 1.2 The term "the Borrower" shall mean and be construed to include the Person of the Second Part and Co-Borrower/Guarantor, the person of the third part, wherever the context so requires to identify them in their individual capacity.
  - 1.3 The terms and expressions not defined in the contract shall where the interpretation and meaning have been assigned to them in terms of the General Clauses Act, 1897, have that interpretation and meaning.
  - 1.4 All terms used in singular shall unless the context requires otherwise, include plural and a reference to one gender shall include all genders.

## **ARTICLE 2 LOAN, INTEREST, Etc,**

- 2.1 The Lender has sanctioned the Loan to the Borrower of a sum at the rate of interest (Customer IRR), repayable within the tenure, for the purpose of purchase in respect of the Asset, as stated in the principal terms.
- 2.2 **Interest:**
  - (a) The rate of interest as stated in the principal terms, shall be applied on the outstanding principal calculated at monthly rests.
  - (b) The rate of Penal Charges/ Additional interest as stated in the first schedule shall be applied on the unpaid instalment/s from the due date/s till the date/s of payment or realisation thereof,
- 2.3 **Computation of Interest:**
  - (a) The rate of interest stipulated in the principal terms shall remain fixed during the term of the Loan facility unless mandated by the Reserve Bank of India or other Regulatory Authorities. In such an event, the Lender shall be entitled to, if the Lender deems fit, to revise the rate of interest in such manner and to such extent with due notice to the Borrower/ and the Co-Borrower/Guarantor. The Borrower shall be bound to pay the interest at the revised rate from the date of such revision, notwithstanding anything stated in the first schedule to the contract.
  - (b) The Borrower shall be bound to reimburse or pay to the Lender such amount as may have been paid or payable by the Lender to the Central or State Government on account of any tax levied on interest (and/or other charges) on the Loan by the Central or State Government. The reimbursement or payment shall be made by the Borrower as and when called upon to do so by the Lender.
- 2.4 **Details of Disbursement**

The Borrower shall indicate the manner of disbursement of Loan by the Lender, as desired by him. However, the Lender shall have the sole discretion to determine the manner of disbursement, which shall be deemed to be the disbursement to the Borrower as contemplated under the contract. In the case of purchase of new Assets, the Loan amount may, at the option of the Lender, be disbursed by the Lender directly to the Dealer / Manufacturer and such disbursement shall be deemed to be disbursement to the Borrower. In case of purchase of used Assets, the Lender shall determine the manner of the disbursement, i.e. either to the owner / seller of the Asset or to the Dealer or to the Borrower and such disbursement shall be deemed to be the disbursement to the Borrower as contemplated under the contract.
- 2.5 **Mode of Disbursement:**

All disbursement to be made by the Lender to the Borrower, under or in terms of the contract shall be made by cheque duly crossed and marked "A/c Payee Only" or by Demand draft or any other accepted modes of transfer of funds permitted under the Indian banking system, at the sole discretion of the Lender. The collection charges or such other charges levied, if any, in respect of all such cheques or modes of transfers will have to borne by the Borrower, irrespective of the time taken for transit / collection /realisation of the cheque by the Borrower or its bank,

for

**Authorised Signatory**

**CO-BORROWER/GUARANTOR**

**BORROWER**

## 2.6 **Terms of Disbursement:**

Notwithstanding anything to the contrary contained the contract, the Lender may, by notice to the Borrower and Co-Borrower/Guarantor, suspend, or cancel further disbursements of the Loan if the Loan granted shall not have been fully drawn and shall not have been cancelled by the Lender.

## 2.7 **Repayment of Loan:**

- (a) The repayment of the Loan and the interest thereon shall be made by the Borrower in Instalments. The details such as number, due dates and amount in respect of the Instalments are described in the third schedule to the contract. The repayment schedule is without prejudice to the right of the Lender to be paid on demand as contemplated under the contract, the entire Loan amount along with other dues. Further, the computation / fixation of the Instalment will be without prejudice to the right of the Lender to re-compute the amount of Instalments and interest thereon, including in case it is discovered at any stage that the Instalments have been computed wrongly. The Instalments shall be payable as per the third schedule to the contract.
- (b) The Borrower recognizes that time is the essence of the contract.
- (c) The payment of Instalments shall commence and continue irrespective of the Asset being delivered to the Borrower by the Dealers / Manufacturer or not and notwithstanding any difficulties that the Borrower maybe facing or any disputes, objections, protests, complaints or grievances which the Borrower may have with or against the Dealers / Manufacturer/ any person or in respect of the delivery of the Asset or in respect of the Asset itself.
- (d) No notice, reminder or intimation will be given to the Borrower regarding his obligation to pay the Instalment regularly on due date. It shall entirely be the responsibility of the Borrower to ensure prompt and regular payment of the Instalments.
- (e) Without prejudice to any other rights and remedies which the Lender may have under the contract and/ or under the prevalent law, in the event of any delay by the Borrower in any payment to the Lender under the contract, the Lender shall be entitled to charge Penal Charges/Additional interest as specified in 2.2(b) above in full. The levy of Penal Charges/Additional interest shall not absolve the Borrower from strict compliance with repayment schedule which forms part of the contract.
- (f) Any dispute being raised about the amount due, or interest computation will not enable the Borrower to withhold payment of any Instalment.

## 2.8 **Mode of payment of the Instalment**

- (a) Subject to the terms and conditions stipulated hereunder, the repayment, in the case of Cars / Utility Vehicles, shall be by way of Post-Dated Cheques/NACH or any other electronically accepted mode. In case of other vehicles, the repayment shall be by way of Post-Dated Cheques or by NACH or any other electronically accepted mode or remittance in cash or by Demand Draft to the Lender on the dates specified in the Third Schedule to the contract, irrespective of the delivery of the Asset. The Borrower and Co Borrower shall ensure strict compliance of the repayment schedule, which is an essential condition for the grant of the Loan.
- (b) No notice, reminder or intimation shall be given by the Lender to the Borrower and Co-Borrower/Guarantor prior to the presentation of any of the PDCs and insurance premium cheques issued by them.
- (c) If any or more than one or all the PDCs delivered to the Lender by the Borrower and/or the Co-Borrower/Guarantor pursuant to Article 2.8(a).
  - (i) is/are lost, destroyed, or misplaced while in the custody of the Lender or
  - (ii) become(s) non encashable due to closure of the Bank Account then in such an event, the Borrower shall, on receipt of the intimation of such loss, destruction or misplacement or being non encashable due to the reason mentioned above, be bound to deliver to the Lender such numbers of cheques as are adequate to replace those that have been lost, destroyed, misplaced or become non encashable or make such suitable alternative arrangement for repayment of Loan as is acceptable to and is approved by the Lender.
- (d) The Borrower and Co-Borrower/Guarantor recognize that non-presentation of the cheques by the Lender due to any reason whatsoever will not affect the liability of the Borrower and Co-Borrower/Guarantor to repay the Loan. The Lender shall not in any way be responsible for delay, omission or neglect in encashment, damage or loss of any cheques already given or to be given by the Borrower and/or Co-Borrower/Guarantor to the Lender in terms hereof for any reason whatsoever.
- (e) Without prejudice to any other rights or remedies the Lender may have under the contract and/ or under the prevalent law, the Borrower and/or Co-Borrower/Guarantor shall be bound to pay a flat charge as stated in the Schedule IA of the Sanction letter in case of dishonour of the PDCs on the first presentation. In case of dishonour on the second presentation, a further charge, as stated in the Schedule-IA would be levied in respect of such dishonoured PDC. The quantum of charge on the dishonouring of post-dated cheques (both on the first and second presentation) is also stipulated in the said Schedule 1 A. The levy

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of charge upon dishonouring of the cheque is without prejudice to the rights of the Lender under the Negotiable Instruments Act, 1881, as amended and as in force for the time being, and without prejudice to the other rights, which the Lender has under the contract or under law or equity.

- (f) When the payments are not made by way of Posted Dated Cheques in the case of Cars/ Utility Vehicles, the Borrower and/or Co-Borrower/Guarantor shall be liable to pay a flat charge as stated in the said Schedule-IA of the sanction letter subject to revision at the Lender's discretion from time to time.
- (g) Where remittances are made by way of Outstation Cheques, the Borrower and/or Co-Borrower/Guarantor shall be liable to pay the charges as stated in the said Schedule IA of the sanction letter subject to revision at the Lender's discretion from time to time.
- (h) "The Borrower and/or Co-Borrower/Guarantor shall be liable to pay the travelling expenses and other charges mentioned in the said Schedule 1 A of the Sanction letter".
- (i) The charges mentioned in the First Schedule and Schedule-IA of the Sanction letter are subject to change with intimation to the Borrower and Co-Borrower/Guarantor and they are bound to pay such revised charges from the date of intimation".

#### 2.9 **Alteration and Re-Scheduling of the Instalments**

The Lender shall be entitled to, if the Lender deems fit in the circumstances, alter or re-schedule the instalments in such manner and to such extent as the Lender may, in its sole discretion, decide with due notice to the Borrower, the repayment will be made by the Borrower as per the said alteration and/or rescheduling from the date on which the instalments are altered or re-scheduled, notwithstanding anything stated in the third schedule. In the event of the Borrower requesting to alter and/or reschedule the instalments, and the Lender also agrees for the same, the Borrower shall be bound to make the repayment as per the said alteration and/or rescheduling from the date on which the instalments are altered or rescheduled, together with Rescheduling charges as indicated in the First Schedule to the contract.

#### 2.10 **Liability of the Borrower and Co-Borrower/Guarantor to be Joint and Several**

In consideration of the Lender agreeing to make available the loan facility to the Borrower and the disbursement of the loan amount to the Borrower on the authorization of the Co-Borrower/Guarantor, the liability of the Co-Borrower/Guarantor is co-extensive with that of the Borrower and both the Borrower and Co-Borrower/Guarantor are jointly and severally liable to repay the Loan together with interest and other amounts payable under the contract. The Borrower and Co-Borrower/Guarantor are liable for the observance of the terms and conditions of the contract. The Lender has sole discretion to proceed against both the Borrower and the Co-Borrower/Guarantor or either of them. The liabilities of the Borrower and Co-Borrower/Guarantor to repay the Loan together with interest, etc., and to observe the terms and conditions of the contract /and any other agreement/s, document/s that may have been or may be executed by the Borrower and/or Co-Borrower/Guarantor with the Lender in respect of the Loan or any other agreement/s, document/s is / are joint and several and consequently the Lender shall have a sole discretion to proceed against all or any one of them.

### **ARTICLE 3 SECURITY**

- 3.1 In consideration of the Lender granting or agreeing to grant to the Borrower the Loan facility, subject to the terms and conditions mentioned in the contract, the Borrower shall hypothecate / be bound to hypothecate and create charge in favour of the Lender, by way of an exclusive first charge, the Asset together with all accessories, additions to or in the said asset whether present or future and improvements, renewals and replacements made or to be made on the Asset against which the Loan facility is being taken. The Borrower shall authorise and give its consent to the Lender to fill the details of the Asset (based on the invoice/Registration Certificate of the Asset) in the Second Schedule and the Borrower shall be bound to acknowledge and undertake not to dispute or question the same in any manner whatsoever and the authorisation and consent given pursuant to the provisions of this Article shall be irrevocable, conclusive and binding upon the Borrower and the Borrower further agrees not modify or revoke or rescind the authorisation and consent given herein. The Borrower shall be bound to execute such further documents and make such filings as maybe required by the Lender to perfect the charge of the Lender on the Asset.
- 3.2 The hypothecation shall be deemed to take place immediately on signing of the contract or delivery of the Asset(s) whichever is earlier.
- 3.3 The charge created by the Borrower in Article 3.1 shall stand as security for the payment by the Borrower of the Loan granted or to be granted by the Lender to the Borrower and of all fees and interest, costs and expenses incurred or to be incurred by the Lender hereunder and all other monies payable or which may become payable by the Borrower to the Lender pursuant to the terms hereof and also for the monies payable under any other contracts including Loan, Hire Purchase, Top-up Loan, Tyre Finance, Fuel Finance, Insurance Finance etc., entered into or to be entered into by the Borrower or otherwise in any capacity.

for

**Authorised Signatory**

**CO-BORROWER/GUARANTOR**

**BORROWER**

- 3.4 Subject to the Article 3.3, the Charge created by the Borrower shall continue unless and until the Lender issues a certificate/termination papers discharging the security created therein at the request of the Borrower and shall not affect, impair or discharge the liability of the Borrower and Co-Borrower/Guarantor by insolvency, arrangement with Creditors, incapacity for any reasons, winding up (voluntary or otherwise) or by any merger or amalgamation, reconstruction, takeover of the management, dissolution or nationalization (as the case may be) of the Borrower and/or Co-Borrower/Guarantor.
- 3.5 If the Asset has not been delivered to or in the case of vehicle has not been registered in the name of the Borrower at the time of execution of the contract, the particulars of the vehicle that are not available at such time and shall be intimated in writing by the Borrower to the Lender within one week of such delivery and / or registration and such particulars shall be read as a part and parcel of the Schedule hereunder as if they had been incorporated therein at the time of execution of the contract. The Borrower shall not take the plea that on the date of execution of the contract as the details of the Asset or any part thereof were not available, the charge is inoperative defective or invalid or in any way unenforceable.
- 3.6 The Borrower shall register the vehicle within such time as has been stipulated by the appropriate authority.
- 3.7 The Borrower is bound to confirm that the Borrower is aware of all the details of the Asset(s).
- 3.8 The Borrower shall execute a promissory note by way of security for the Loan amount and interest thereon.
- 3.9 The Lender may require the Borrower to furnish such additional securities including guarantee(s) from third party, as the Lender may deem fit, in its sole discretion. In such an event the Borrower shall provide such additional security and in regard to the same execute such agreements, undertakings, documents, power of attorney/s that maybe required by the Lender. The Borrower shall not revoke or terminate any such contracts, agreements, undertakings, documents, etc., till all the amounts due and payable by the Borrower to the Lender under the contract have been paid in full and certified so by the Lender.

#### **ARTICLE 4 APPROPRIATION OF PAYMENTS**

- 4.1 The Lender shall have a right to appropriate any payments due and payable under the contract and made by the Borrower towards dues in the order the Lender deems fit, towards the following: -
- (i) Premium on prepayment.
  - (ii) Costs, charges, expenses, and other monies.
  - (iii) Interest on costs, charges, expenses, and other monies.
  - (iv) Service charges.
  - (v) Interest, including Penal Charges/Additional interest if any, payable in terms of the contract. For the purposes of this clause, the Penal Charges/Additional interest payable under the first schedule shall be appropriated as follows:
    - a) towards normal interest, at the applicable Customer IRR.
    - b) remaining amount towards overdue interest.
  - (vi) Repayment of Instalments due and payable under the Loan Contract.
  - (vii) Repayment of dues under any other contract/s viz. Loan, Hire Purchase, Top-up Loan, Tyre Finance, Fuel Finance, Insurance Finance etc., irrespective of the capacity either as Borrower or Co-Borrower/Guarantor or otherwise under the said contract/s.

#### **ARTICLE 5 BORROWER'S CONTRIBUTION TOWARDS COST OF THE ASSET**

- 5.1 Prior to disbursement of the Loan by the Lender, the Borrower shall furnish to the Lender the documents showing the payment made by him to the dealers / manufacturers / any person by way of his own contribution towards the cost of the Asset, and also the proforma invoice.

#### **ARTICLE 6 CONDITIONS FOR DISBURSEMENT**

- 6.1 The Obligation of the Lender to make any disbursements under the Loan Contract shall be subject to the conditions that:-
- a. The Borrower creates security, the Borrower executes the promissory note and all the other necessary documents to the satisfaction of the Lender as stipulated in Article 3 above in favour of the Lender;
  - b. Non-existence of any event of default by the Borrower;
  - c. No extraordinary or other circumstances have occurred which shall make it improbable for the Borrower to fulfil his obligation under the contract.

for

**Authorised Signatory**

**CO-BORROWER/GUARANTOR**

**BORROWER**

## ARTICLE 7 REPRESENTATION OF THE BORROWER AND CO- BORROWER

The Borrower and Co-Borrower/Guarantor represents that: -

- 7.1 The Borrower and Co-Borrower/Guarantor have adequate legal capacity to enter into and execute the contract. The Borrower and Co-Borrower/Guarantor shall not be restricted in any manner or prevented in any manner under any law, statute, judgement, decree, ruling, contract or otherwise from executing and undertaking the obligations in the manner provided in the contract. Upon execution, the contract shall be a valid legally binding commitment of the Borrower and Co-Borrower/Guarantor enforceable against them in terms of the contract. The Borrower and/or Co-Borrower/Guarantor (in case of being a Company) shall be duly organized and existing under the laws of India with power to enter into the contract to which they are or they shall be a party.
- 7.2 No encumbrance of any nature or any lien exists over the Asset hypothecated under the contract.
- 7.3 They have obtained and done all that are necessary to give full force and effect to all authorizations, approvals, consents, licenses and permissions required in relation to the contract, collateral documents and the hypothecated Asset. The Borrower and Co-Borrower/Guarantor have paid all taxes and statutory dues payable by them and have not received any demand, claim or notice from any person.
- 7.4 The Borrower and Co-Borrower/Guarantor would ensure at all times during currency of the contract that the person who would be driving the vehicle(s) holds a valid driving licence entitling him to drive the vehicle(s).
- 7.5 There are no suits, actions or claims pending or are likely to be filed or taken (whether civil or criminal or otherwise) against the Borrower and/or Co-Borrower/Guarantor of any nature whatsoever.

## ARTICLE 8 COVENANTS / UNDERTAKINGS OF THE BORROWER

### 8 The Borrower

- (a) shall utilise the entire Loan for the purpose indicated by him in the application form.
- (b) shall duly and punctually comply with all laws and rules etc. and make payments of all charges levied or leviable in respect of the Asset. He shall be solely responsible for use, operations and maintenance of the Asset and any liability arising therefrom.
- (c) shall ensure that the Asset is always duly and properly insured with any insurer approved by the Lender, covering all the risks and hazards, including risks against fire, riots, civil commotions, floods and such wider liability to which the Asset is normally exposed and unlimited third party liability risks, in order to safeguard the security of the Loan and to ensure that the lien of the Lender is marked on the insurance policy, as the beneficiary.
- (d) shall promptly inform the Lender of any loss or damage to the Asset which he may suffer due to any force majeure or act of God, such as earthquake, flood, tempest, theft or typhoon, etc., or otherwise.
- (e) shall take all the steps which are necessary to obtain and give full force and effect to all authorizations, approvals, consents, licenses and permissions required or obtained in relation to the contract collateral documents and the hypothecated Asset.
- (f) shall not sell, lease, transfer, create charge, hypothecate or create encumbrance of any nature whatsoever, or surrender or otherwise howsoever part with possession of the Asset, in any manner whatsoever without the consent in writing of the Lender. Any direct or indirect transfer of the Asset would be deemed to be criminal breach of trust and a case of cheating, entitling the Lender to file / pursue FIR / or a criminal complaint against the Borrower as the Lender may deem fit. The hypothecated Assets shall be in the custody of the Borrower in his capacity as a Bailee.
- (g) shall maintain the Asset in good order and condition and will make all necessary repairs, additions and improvements thereto during the pendency of the Loan.
- (h) in case of Asset being a new vehicle, the borrower shall get the Asset registered with the appropriate authority under the Motor Vehicles Act, 1988 and shall get the charge of hypothecation on the vehicle(s), created or to be created, duly endorsed and recorded in the certificate of registration in favour of the Lender. In the event of the Asset being a used vehicle, the Borrower shall ensure that requisite endorsement is made in the registration certificate of the Vehicle(s) indicating hypothecation of such Asset(s) in favour of the Lender.
- (i) shall submit a copy of the registration certificate relevant to the Asset being a vehicle for which the Loan has been taken of having taken the delivery of such vehicle(s).

for

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CO-BORROWER/GUARANTOR

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- (j) shall not apply for any duplicate of the registration certificate for the Asset, being a vehicle, otherwise than by delivering the application thereof to the Lender for endorsing its charge on the vehicle(s).
- (k) shall inform the Lender, in writing, of any damage to or theft of the Asset, lodging of any claim with the insurance company in respect of the Asset, or of loss, destruction or misplacement of the registration certificate of the Asset or insurance policy relating to the Asset, within three working days of such damage or lodgement of claim. In such an event, the Lender may, without prejudice to its other rights under the contract, in law or equity, require the Borrower to take such steps as may be necessary to protect the interests of the Lender.
- (l) shall be bound to pay all rates, assessments, taxes and other outgoings which are now or hereafter may be assessed, imposed, or payable for the hypothecated Asset, by the Government, Municipal Corporation Regional Transport Authority or other Authority and on demand by the Lender, shall produce every receipt of charges, taxes, assessments or other outgoings.
- (m) shall not suffer or allow to suffer any attachment or distress to the hypothecated Asset or any parts thereof or allow anything that may prejudice or endanger the security herein without the express consent in writing of the Lender. Any direct or indirect transfer of the Asset would be deemed to be criminal breach of trust and a case of cheating and shall entitle the Lender to file /pursue FIR or criminal complaint against the Borrower as the Lender may deem fit.
- (n) shall be bound to do such acts, deeds, assurances, matters and things as may be required by the Lender for further assuring and confirming the security created herein and the rights, powers and remedies hereby conferred and execute such document(s) at its own cost as may be required in this regard.
- (o) shall indemnify and keep the Lender indemnified and hold harmless from and against all costs, expenses, claims and actions (including third party liability in case of accidents, damage or otherwise) and make good all payments and expenses including legal costs, fees and costs to take possession, insurance and selling of the Asset. The Borrower shall also be bound to pay the expenses incurred by the Lender along with interest thereon while pursuing any remedy under the Negotiable Instruments Act, Criminal Procedure Code or at any other forum.
- (p) shall be bound to promptly notify any event or circumstances, which might operate as a cause of delay in the completion of the contract.
- (q) shall be bound to duly honour the cheques/ PDCs.
- (r) shall be bound to pay all public demands such as Income Tax and all the other taxes and revenues payable to the government of India or to the government of any State or to the local authority; and also acknowledge that, there are no arrears of such taxes and revenues due and outstanding as on the date of contract.
- (s) and Co-Borrower/Guarantor shall authorise and give their consent for the Lender to collect from the dealers / manufacturers as the Lender may deem fit, all information relating to the Asset based on the vehicle tracking systems (VTS) (Global Positioning System (GPS), Telematics etc.,) fitted to the Asset, and the Borrower and/or Co-Borrower/Guarantor shall be bound to acknowledge and undertake not to dispute or question the same in any manner whatsoever that the authorisation and consent given pursuant to the provisions of this Article shall be irrevocable, conclusive and binding upon Borrower and/or Co-Borrower/Guarantor, and Borrower and/or Co-Borrower hereby agree not to modify, revoke or rescind the authorisation and consent given herein. The Borrower and/or Co-Borrower/Guarantor undertake to issue necessary authorisation to the manufacturer / dealer of the vehicle to furnish necessary information as to the location of the Asset etc., to the Lender whenever required by the Lender and such authorisation will be irrevocable.
- (t) and Co-Borrower/Guarantor shall furnish any information/ documents deemed necessary in the sole discretion of the Lender and required by the Lender for conducting credit or anti-money laundering checks and other regulatory requirements; and to meet the compliance requirements of any law binding on the Lender;
- (u) and Co-Borrower/Guarantor irrevocably and unconditionally agree, confirm and give consent for the disclosure by Lender of all or any such information and data relating to the Borrower and Co-Borrower/Guarantor, as Lender may deem appropriate and necessary to disclose and furnish to other banks and lenders including assignees and potential assignees of the Lender or transferee of the Lender's rights to evaluate the transaction intended to be the subject of the assignment or transfer, to its professional advisers, consultants and to its service providers instructed by it in relation to the Loan, and/ or as required under law or any applicable regulation, at the order of a court of law, or at the request or order of any statutory, regulatory or supervisory authority with whom the Lender customarily complies;
- (v) and Co-Borrower/Guarantor acknowledge that the Lender may collect, store, use, transfer or disclose any information/ documents provided by the Borrower and Co-Borrower/Guarantor, including sensitive personal data for (i) data processing, statistical or risk analysis; (ii) to meet the disclosure requirements of any law binding on the Lender.
- (w) and Co-Borrower/Guarantor shall jointly or severally pay any and all stamp duty, stamp duty penalties (including interest if any on the stamp duty) and duties, as also of making good any deficit in stamp duty, which are or may become payable in connection with the execution, entry into, performance or enforcement of the contract and loan documents, whether at the time of execution or thereafter. Any claim, demands,

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actions, costs, expenses and liabilities incurred or suffered by the Lender by reason of non-payment or insufficient payment of stamp duty by the Borrower and Co-Borrower/Guarantor on the contract and the documents and any other writings or documents which may be executed by the Borrower and Co-Borrower/Guarantor pursuant to or in relation to the contract, shall be to the cost of the Borrower and Co-Borrower/Guarantor either jointly or severally;

- (x) and Co-Borrower/Guarantor agree to indemnify and keep indemnified the Lender against all actions, suits, proceedings and all costs, charges, expenses, losses or damages which may be incurred or suffered by the Lender by reason of any false or misleading information given by the Borrower and/or Co-Borrower/Guarantor to the Lender for any shortfall / deficit in payment of statutory dues including stamp duty and consequences thereof or on account of any breach / default / contravention / non observance / non – performance by the Borrower and Co-Borrower/Guarantor of any terms and conditions of the contract. The amount payable under this clause shall also form part of amounts payable to the Lender under the contract.
- (y) shall obtain Legal Entity Identifier (LEI) code if applicable and as mandated by RBI, renew the same from time to time, and keep it valid at all times, and promptly submit copy of the LEI registration to the Lender. The Borrower is aware that as mandated by RBI, failure to obtain LEI codes shall result in rejection/ stoppage/ cessation of any facility by the Lender.
- (z) shall, if Borrower and/or Co-Borrower/Guarantor be a Non-resident Indian (NRI)/ Overseas Citizen of India (OCI) Cardholder, ensure that the borrowed funds are not used for any restricted end uses as provided under the terms of Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time.

#### **ARTICLE 9 REVISION IN THE PRICE OF THE ASSET**

- 9.1 If the price of the Asset is revised upwards after the date of signing of the contract, then and in that event the Borrower shall be bound to pay the increased amount required for acquiring the Asset(s) at such revised price and the Lender shall not be liable to pay any amount by way of Loan or otherwise for such revision in price of the Asset(s). In the event of the Borrower not taking delivery from the Dealer /Manufacturer within the time stipulated by the Dealer / Manufacturer due to the dispute with the Dealer / Manufacturer on account of the escalation of the price, the Borrower shall ensure payment of the Loan amount by the Dealer / Manufacturer together with interest at the rate provided in the first schedule to the contract for the period from the date of payment to the Dealer / Manufacturer till the date of receipt by the Lender. On receipt of the aforesaid amount from the Dealer / Manufacturer by the Lender, the Borrower continues to be liable to pay any other charges payable under the contract and on receipt of the same from the Borrower, the contract stands terminated.

#### **ARTICLE 10 DELIVERY**

- 10.1 The Borrower shall be solely responsible for getting the delivery of the Asset from the manufacturer or the dealer or any other person and verifying fitness, quality condition etc., of the same. The Borrower shall intimate the Lender upon taking delivery of the Asset as provided in Article 3.5
- 10.2 The Borrower shall not hold the Lender liable for any delay in delivery from the manufacturer or the dealer or any other person any demurrage cost or the quality / condition /fitness of the Asset. The Borrower and/or Co-Borrower shall not withhold the payment of the stipulated Instalments on the pretext that the Asset has not been delivered or for any reason whatsoever.

#### **ARTICLE 11 USE**

- 11 The Borrower shall not use the Asset either by himself or through his servants or agents for any purpose not permitted by the terms and conditions of the Insurance Policy nor do or permit to be done any act or thing which might render the Insurance invalid, and in particular, not to use the Asset / vehicle for transport of goods, articles, etc., in contravention of any of the provisions of the Acts of Central and State Legislatures relating to Forest, Excise, Customs, Sales-tax, Prohibition, Opium, Railway Property, Unlawful Possession, Gold Control, etc., and not to engage the Asset in any unlawful or illegal activity and the Borrower shall be responsible for any damage or loss sustained by the Lender in respect of the Asset, as a result of such wrongful or unlawful use. The Borrower shall be bound to use the Asset only for the use indicated by the Borrower to the Lender, at his own costs and expenses.

#### **ARTICLE 12 INSURANCE AND MAINTENANCE**

- 12.1 In order to safeguard the security for the Loan and to ensure that the Lender's lien is marked on the insurance, the Borrower shall, immediately after signing the contract, keep the Asset insured against any loss or damage by accident or fire or other perils under a Comprehensive Policy including the risks against strikes, riots, Civil Commotion, floods and such other liability to which the Asset is normally exposed and adequate third party

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liability risks with an Insurance Company approved by the Lender and shall punctually pay all premia and other sums required for keeping the said insurance effective till the Lender discharges the security and produce and deliver (if so required by the Lender) any insurance policy, cover note or receipt on demand by the Lender for its inspection and verification. Each insurance policy shall be in the name of the Borrower with the necessary endorsement in favour of the Lender as 'loss payee' and additional endorsement in favour of the Lender's Bankers, if so required by the Lender.

- 12.2 The Borrower shall not use the Asset for any purpose not permitted by the terms and conditions of the insurance policy and shall not do or permit to be done any act or thing, which might render the insurance invalid.
- 12.3 The Lender may at its sole discretion get the insurance done on behalf of the Borrower, by being a facilitator and making the premium payment to the approved insurance company and the Borrower/s shall be bound to reimburse the amount paid by the Lender in this regard immediately on receipt of demand. However, any non-payment on the part of the Lender due to any reason will not affect the liability of the Borrower to pay the necessary insurance premium to the insurance company and to keep the Asset insured.
- 12.4 The first claim on any insurance proceeds shall be that of the Lender. The Borrower shall be bound to irrevocably authorize the Lender to claim insurance proceeds to safeguard the interest of the Lender and appropriate the proceeds thereof against the dues of the Lender. The Borrower shall ensure to comply with all directions of the Lender with respect to insurance policy and its renewal as stipulated from time to time.
- 12.5 The Borrower shall at his cost and without undue delay, be bound to carry out repairs to the Asset occasioned by any accident or for any other reason and produce bills in respect of Insurance claim to the Insurance Company for settlement. If there are no over dues against the Borrower, the Lender shall pass on to the Borrower such benefits as the Lender receives from the Insurance Company in respect of claim.

### **ARTICLE 13 EVENTS OF DEFAULT**

The following events shall constitute "Events of default": -

- 13.1 The Borrower failing to repay the Loan or any fee, charges, or costs in the manner contained therein and any one of the instalments or any other amount due thereunder remains unpaid after the date on which it is due; or
- 13.2 The Borrower and/or Co-Borrower/Guarantor (in case of being an individual and in case more than one, any one of them) dies or takes any step(s) is/are taken with a view to his/ they being made insolvent in any jurisdiction or with a view to the appointment of a receiver, trustee or similar officer of any of his/their assets; or
- 13.3 If the Borrower and/or Co-Borrower/Guarantor (in case of being a corporate body or a partnership firm) takes any action or other steps are taken or legal proceedings are initiated by any third party against the Borrower and/or Co-Borrower/Guarantor for winding up, dissolution or reorganization or for the appointment of a receiver, trustee or similar officer on its/ their assets, particularly on the hypothecated assets; or
- 13.4 If the Borrower sells, encumbers or transfers or seeks to sell, transfer, create encumbrance on the hypothecated Asset in any manner whatsoever without the express consent in writing of the Lender; or
- 13.5 The Borrower fails to pay any insurance premium for the hypothecated Asset; or
- 13.6 The hypothecated Asset being confiscated, attached, taken into custody by any authority or is subjected to any execution proceedings; or
- 13.7 The Borrower failing to pay any tax, impost, duty or other imposition or to comply with any other formalities required to be completed in respect of the hypothecated Asset under law from time to time; or
- 13.8 The Asset is distrained, endangered or damaged in any manner or rendered unfit for use or bodily injury is caused to the third party by accident with the Asset; or
- 13.9 Any instruction being given by the Borrower and/or Co-Borrower/Guarantor for stop payment of any PDCs/ECS given as per Article 2.8, for any reason whatsoever; or
- 13.10 The Borrower failing to supply a copy of the registration certificate of the Asset being the vehicle with hypothecation endorsement in favour of the Lender; or

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- 13.11 Any circumstance arising which gives reasonable grounds in the opinion of the Lender that it is likely to prejudice or endanger the hypothecated Asset or the interest of the Lender therein or under the contract; or
- 13.12 The Borrower failing to file the particulars of the Asset [both old and new vehicle(s)] as provided in the contract; or
- 13.13 The Borrower and/or Co-Borrower/Guarantor committing breach of any of the terms, covenants and conditions contained in the contract or any information given or Representations made by the Borrower and/or Co-Borrower to the Lender under the contract or any other document submitted by the Borrower and/or Co-Borrower/Guarantor being found to be inaccurate or misleading; or
- 13.14 There exists any other circumstances, which in the sole opinion of the Lender, jeopardizes the Lender's interest; or
- 13.15 The Borrower and/or Co-Borrower/Guarantor being declared insolvent bankrupt or [in case of a company any winding up or liquidation proceedings being filed against the Borrower and/or Co-Borrower/Guarantor]; or
- 13.16 Any default being committed by the Borrower in discharging their liabilities under any other agreement entered into between the Lender and the Borrower in any capacity.

#### **ARTICLE 14 LENDER'S RIGHT**

- 14.1 (A) Upon occurrence of any/all of the aforesaid events of default, the Lender shall have the right to recall the Loan at any time at its discretion, without assigning any reasons for such recall, and upon such recall, the Borrower and/or Co-Borrower/Guarantor shall be bound to pay the following to the Lender within 10 days from the date of receipt of notice from the Lender:
  - (a) Arrears of instalments.
  - (b) Instalments for the remaining period, which would have been payable by the Borrower, if the contract had run to its full term.
  - (c) Penal Charges.
  - (d) all other sums and charges of whatsoever nature, including, but not limited to interest on account of default in payment of insurance premia, and on account of other taxes.
  - (B) However, in extraordinary circumstances where there is a likelihood of the Borrower alienating or secreting or keeping the Asset beyond the reach of the Lender or the Borrower using the Asset for unlawful purposes or the Borrower subjecting the Asset to abnormal wear and tear and/ or alienating such other Assets of the Borrower and/or Co-Borrower/Guarantor which provide additional cover to the Lender for recovery of the amount due under the contract, the Lender shall be entitled to take such steps including seizure of the Asset without any notice to the Borrower and/or Co-Borrower/Guarantor.
  - (C) Notwithstanding anything contrary contained in the contract, the Lender may, at its sole discretion, permit the Borrower to resume the payment of instalments as per the third schedule under the contract, on such undertaking / conditions which the Lender may prescribe.
- 14.2 In the event of failure of the Borrower and/or Co-Borrower/Guarantor in complying with the demand in the said notice, the Borrower shall be bound to surrender the asset to the Lender at the cost of the Borrower at such location, as the Lender may designate, in the same condition in which it was originally delivered to the Borrower, ordinary wear and tear excepted, failing which, the Lender shall be entitled to seize the Asset wherever it is, without any further notice. The Borrower shall not prevent or obstruct the Lender from taking the possession of the Asset. For this purpose, the Lender's authorised representatives, employees, officers, and agents will have unrestricted right of entry and shall be entitled to enter upon the premises, or garage, or go down, where the Asset shall be lying or kept, and to seize the Asset. In the event of the Borrower not cooperating, the Lender, if necessary, have the right to break open any such place where the Asset is believed to be kept and to seize the Asset. The Lender will be well within its rights to use tow-van or any carrier to carry away the Asset. The Borrower and/or Co-Borrower/Guarantor shall be liable to pay any towing charges and other such expenses incurred by the Lender in connection with the seizure of the Asset and for its sale etc.
- 14.3 After seizure of the Asset by the Lender or surrender by the Borrower, the Lender's authorised representatives, employees, officers, and agents will prepare an Inventory of the Asset. The Lender will send a notice, after seizure or surrender of the Asset by the Borrower, along with a copy of the Inventory, granting the Borrower and/or Co-Borrower/Guarantor 10 days' time to settle the contract and to take back the vehicle by the Borrower. The Borrower shall, in the event of failing to settle the contract within the time limit mentioned above, deliver all original documents relating to the Asset, including the RC book, Tax token, Permit and Insurance Certificate / Policy etc., in the case of Asset being vehicle, if the said documents were not available in the vehicle at the time of seizure or surrender and shall render all assistance including execution of necessary for

documents for transfer of the Asset in favour of the Lender or its nominees or its agents or the purchaser of the Asset identified by the Lender. If, however, the Borrower fails to render necessary assistance for transfer of the Asset, the Lender shall be entitled to take all such steps unilaterally as maybe necessary to facilitate early sale of the Asset.

- 14.4 Neither the Lender, nor its agents, officers, nominees shall be in any way responsible and liable and the Borrower hereby agrees not to make the Lender or its officers, agents or nominees liable for any loss, damage, limitation, or otherwise for any belongings and articles that might be kept or lying in the hypothecated Asset at the time of taking charge and/ or possession or seizure of the hypothecated Asset.
- 14.5 On the Borrower and/or Co-Borrower/Guarantor repaying the amount due to the Lender in full to the satisfaction of the Lender, the Lender agrees to return the Asset to the Borrower. The Lender may, at its sole discretion, also agree to release the Asset to the Borrower on part payment of the dues on such undertaking / conditions which the Lender may prescribe. The Borrower and/or Co-Borrower/Guarantor shall pay all costs of seizure / surrender, the expenses incurred by the Lender after seizure / surrender, including garage rent etc. The Borrower shall acknowledge delivery of the Asset together with the documents and articles kept in the Asset at the time of seizure or surrender by way of delivery receipts addressed to the Lender which is an acknowledgment that the Borrower has taken delivery of the Asset in the same condition in which it was seized/ surrendered by the Lender / Borrower together with the documents and articles kept in the vehicle. The Borrower shall not raise any dispute nor make any claim regarding seizure of the Asset or condition of the Asset, or any documents and articles kept in the Asset at the time of seizure/ surrender of the Asset.
- 14.6 The Lender shall, in any/all of the aforesaid Events of default, be entitled to and the Borrower hereby irrevocably authorises the Lender to sell/transfer/assign the Asset either by public auction or by private treaty or otherwise howsoever, for enabling the Lender to sell the asset and to transfer the original Registration Certificate of the asset either in the Lender/Buyer's name, the Borrower has delivered the Form29 & 30 duly signed with a request to fill the forms suitably and to submit them to the registering authority concerned and appropriate the proceeds in the order and the manner the Lender deems fit towards the following:
- (i) Instalments in Arrears as on the date of sale.
  - (ii) Instalments payable for the remaining period.
  - (iii) Penal Charges.
  - (iv) Costs, charges, expenses, insurance premia, statutory dues, and other monies.
  - (v) Interest on costs, charges, expenses, and other monies.
  - (vi) Service charges.
  - (vii) monies payable under any other contracts including Loan, Hire Purchase, Top-up Loan, Tyre Finance, Diesel Finance, Insurance Finance etc., entered into by the Borrower and/or the Co-Borrower/Guarantor in any capacity. After appropriating the sale proceeds as mentioned above, the Borrower and/or Co-Borrower/Guarantor shall be liable to make good the shortfall, if any. In case there is any surplus, the Lender agrees to refund the same to the Borrower or the Co-Borrower/Guarantor, in the event of the Co-Borrower/Guarantor paying all the instalments to the Lender for which the Borrower also agrees. It is expressly agreed that the Lender shall be entitled to proceed against the Borrower and/or the Co-Borrower/Guarantor and/or Guarantor(s) independent of the Lender enforcing its rights against the security.
- 14.7 The Borrower or Co-Borrower/Guarantor shall not be entitled to raise any objection regarding the regularity of the sale and / or action taken by the Lender nor shall the Lender be liable / responsible for any loss that may be occasioned from the exercise of such power and / or may arise from any act or default on the part of any broker auctioneer or other person or body engaged by the Lender for the said purpose.
- 14.8 The Lender shall be entitled to recover from the Borrower and/or Co-Borrower/Guarantor all expenses (including legal costs on full indemnity basis) incurred by or on behalf of the Lender in ascertaining the whereabouts of the Asset, taking possession, garaging, insuring, transporting and selling the Asset and of any legal proceedings that may be filed by or on behalf of the Lender to enforce the provisions of the contract. It is expressly clarified that the remedies referred to in the contract shall be in addition to and without prejudice to any other remedy available to the Lender either under the contract, or under any other contract/ undertaking, or in law or equity.
- 14.9 The Lender has a right to check the Credit Score of the borrower and co borrower and download the reports whenever the Lender deem it necessary and appropriate and the Borrower/co Borrower have authorised to Lender to make use of the details given to them.

for

**Authorised Signatory**

**CO-BORROWER/GUARANTOR**

**BORROWER**

- 14.10 Notwithstanding anything to the contrary contained in Section 151 of the Indian Contract Act, the Lender or its officers, agents or nominees shall not be in any way responsible for any loss, damage limitation, or depreciation that the hypothecated Asset may suffer or sustain on any account whatsoever whilst the same is in the possession of the Lender or its officers, agents or nominees or because of exercise of the rights, powers, or remedies available to the Lender or its officers, agents or nominees.

#### **ARTICLE 14 A CO-BORROWER'S/GUARANTOR'S RIGHTS AGAINST BORROWER**

- 14A.1 The Borrower acknowledges that in the event of the Co-borrower/Guarantor settling the contract, he shall be invested with all the rights, which the lender has against the Borrower.

#### **ARTICLE 15 GUARANTEE**

- 15.1 If the Lender requires, the Borrower and/or Co-Borrower/Guarantor shall furnish guarantee(s) issued by a third party acceptable to the Lender, as and byway of additional security, in the terms stipulated by the Lender.

#### **ARTICLE 16 PREPAYMENT**

- 16.1 The Borrower agrees that there shall not be any prepayment, either in part or in full, within six months from the date of the Contract. In case the Borrower desires to exercise the option of making prepayment (pre closure /part prepayment) of the Loan earlier than as indicated in the Third Schedule, the Lender may accept part pre-payment together with pre-payment charges/ permit the Borrower to pre-close the loan on the condition that the Borrower shall pay the balance principal outstanding, accrued interest as per the terms of the Contract together with part prepayment/ pre-closure charges as indicated in the First Schedule to the Contract and other outstanding charges, if any. The prepayment shall take effect only when cash has been paid in or cheques have been cleared.

#### **ARTICLE 17 SECURITISATION / CO-LENDING**

- 17.1 The Borrower and Co-Borrower/Guarantor expressly agree and accept that the Lender shall be absolutely entitled and have full power and authority without any further reference or intimation to the Borrower and in such manner and on such terms and conditions as the Lender may decide at its sole discretion to securitise, sell, assign or transfer in any manner(including co-lending model),to any one or more bank/s or any third party/ies of the Lender's choice, in whole or in part, and in such manner and on such terms as the Lender may decide, including reserving a right to the Lender to retain its power hereunder to proceed against the Borrower and/or Co-Borrower/Guarantor on behalf of the purchaser, assignee or transferee or co-lender, any or all outstanding and dues of the Borrower and/or Co-Borrower/Guarantor. Any such action and any such securitisation, sale, assignment or transferor co-lending and related actions in respect thereof shall bind the Borrower and/or Co-Borrower/Guarantor to accept such bank or third party as creditor exclusively or as a joint creditor with the Lender or as a creditor, exclusively with the right to the Lender to continue to exercise all powers hereunder on behalf of such bank /third party and to pay over such outstanding and dues to such bank or third party or for appropriation by the Lender as the Lender may decide, in terms of such arrangement .The Borrower and Co-Borrower/Guarantor acknowledge and undertake to pay to banks/third parties the difference between the Loan amount outstanding and the amount received by the Lender in the event of transfer of the portfolio to a bank/third party. The bank/third party shall have authority over the Borrower(s) and Co-Borrower/Guarantor to collect the due amounts. The Lender may, if it so desires, also assign to such assignee, the right to collect the dues and/ or proceed against the Borrower and Co-Borrower/Guarantor directly.

#### **ARTICLE 18 LENDER'S RIGHT TO APPOINT AGENCY**

- 18.1 The Borrower and Co-Borrower/Guarantor expressly recognize and accept that the Lender shall, without prejudice to its right to perform such activities itself or through its officers or servants, be absolutely entitled and have full powers and authority to appoint one or more third parties of the Lender's choice and to transfer and delegate to such third parties the right and authority to collect on behalf of the Lender the instalments / interest / other charges due to the Lender under the Contract and to perform and execute all acts, deeds, matters and things connected therewith or incidental thereto including sending notices of demand, attending the residence or office of the Borrower and Co-Borrower/Guarantor or otherwise contacting the Borrower and Co-Borrower/Guarantor for receiving the amount due.

#### **ARTICLE 19 SET-OFF AND LIEN**

- 19.1 Notwithstanding anything contained in the Contract, the Lender shall have a lien over all the Assets of the Borrower(s) and Co-Borrower(s) /Guarantor in the Lender's control and the Lender shall have a right to
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combine all accounts of the Borrower(s) and/or Co-Borrower/Guarantor with the Lender and also a right to adjust any amount at credit under any other accounts which the Borrower/s and/or the Co-Borrower/Guarantor may be holding with the Lender against any amount payable by the Borrower(s) and the Co-Borrower/Guarantor to the Lender under the contract and the Lender shall be entitled to withhold the termination papers in the accounts which the Borrower and/or Co-Borrower/Guarantor may be holding with the Lender till the amounts due to the Lender under the contract is paid in full.

- 19.2 It is hereby agreed and understood by the Borrower (s) and Co-Borrower/Guarantor that, in the event of Borrower(s) and/or Co-Borrower/Guarantor defaulting in payment of the instalments / charges / fees, without prejudice to the right of termination, the Lender shall have the right to set-off the amount in the Borrower's and/or Co-Borrower's/Guarantor's account that he/they may be holding with the Lender with the amount in respect of which the default has been committed under the Contract.

#### **ARTICLE 20 NOTICES**

- 20.1 All notices / communications between the parties shall be in writing.
- 20.2 Any change in the communication details (i.e. mailing address, phone number, WhatsApp number, email-id) of the Borrower and/or Co-Borrower/Guarantor, shall be notified to the Lender in writing within one week. Any notice, letter and other documents shall be sent to the address as stated in the Contract or the address notified by the Borrower and Co-Borrower/Guarantor, by registered post with acknowledgement due or by Speed post or by courier or by any other means of transmission of documents like fax message or electronic mail service or commonly used instant messaging services like WhatsApp etc. The notice, letter, other documents sent by registered post with acknowledgment due or by Speed post shall be deemed to have been received by the addressee 48 hours after it has been despatched and mail service or commonly used instant messaging services like WhatsApp etc. shall be deemed to have been received immediately on sending the same.
- 20.3 In all correspondence, the Contract number should be quoted.
- 20.4 All correspondence shall be addressed to the Lender at the address of the Lender mentioned in the description of parties appearing in the preamble to the Contract.

#### **ARTICLE 21 PARTIAL INVALIDITY**

- 21.1 If any provision of the Contract or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent for any reason including by reason of any law or regulation or government policy, the remainder of the Contract and the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each provision of the Contract shall be valid and enforceable to the fullest extent permitted by law. Any invalid or unenforceable provision of the Contract shall be replaced with a provision, which is valid and enforceable and most nearly reflects the original intent of the unenforceable provision, in a mutually agreeable manner.

#### **ARTICLE 22 LAW, JURISDICTION, ARBITRATION**

- 22.1 Any dispute arising out of or incidental or in connection with this agreement, including any question regarding its existence, operation, termination, validity and breach thereof, shall be referred to and finally resolved by Arbitration administered by '(Institution name)', in accordance with its arbitration rules for the time being in force. The arbitral tribunal shall consist of sole arbitrator appointed by '(institution name)'. The seat of arbitration shall be \_\_\_\_\_. The language of arbitration shall be English. The arbitration award shall be final and binding on the parties.

#### **ARTICLE 23 ENTIRE AGREEMENT**

23. The terms and conditions/contract (including the first, second and third Schedules to the contract) along with the documents executed or to be executed by the Borrower in favour of the Lender pursuant to the terms and conditions/contract shall constitute the entire agreement between the Parties hereto with respect to its subject matter.

#### **ARTICLE 24 DISCLOSURE BY THE LENDER**

24. The Lender shall be entitled to make such enquiries about the Borrower and Co-Borrower/Guarantor by themselves or through their authorised person and also to disclose the information pertaining to the Borrower and Co-Borrower/Guarantor to any credit bureau, or other Person as the Lender may deem fit, and the

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Borrower and/or Co-Borrower/Guarantor shall be bound to agree and undertake not to dispute or question the same on any manner whatsoever

## ARTICLE 25 TERM AND TERMINATION.

25. The contract shall come into effect from the date of the contract and shall terminate only upon the Borrower and/or Co-Borrower making full repayment to the Lender of the Loan, interest thereon and all other charges and dues payable by the Borrower/Guarantor to the Lender under the contract.

## ARTICLE 26 MISCELLANEOUS

### 26.1 Language

English and/or vernacular shall be used in all correspondence and communications between the Parties.

### 26.2 Amendments

No modification or amendment of the terms and conditions/ contract except to the revision in interest rate as provided under Article 2 (2.3) and also alteration and rescheduling of the instalments as provided under Article 2 (2.9) of the contract and no waiver of any of the terms or conditions thereof shall be valid or binding unless made in writing and duly executed by the Lender, and the Borrower/Guarantor.

### 26.3 Cumulative Rights

All remedies of Lender under the terms and conditions/ contract whether provided therein or conferred by statute, civil law, common law, custom, trade, or usage are cumulative and not alternative and may be forced successively or concurrently.

### 26.4 Benefit of the terms and conditions/contract

The terms and conditions/ contract shall be binding upon and to ensure to the benefit of each party thereto and its successors or heirs, administrators, as the case may be.

- 26.5 Any delay in exercising or omission to exercise any right, power or remedy accruing to the Lender under the terms and conditions/contract or any other agreement or document shall not impair any such right, power or remedy and shall not be construed to be a waiver thereof or any acquiescence in any default, nor shall the action or inaction of the Lender in respect of any default or any acquiescence in any default, affect or impair any right, power or remedy of Lender in respect of any other default.

- 26.6 The Borrower's and Co-Borrower's/Guarantor liability under the Contract shall be joint and several. The release of the Borrower(s) or Co-Borrower/Guarantor as the case may be during the currency of the contract by the Lender does not discharge the other from performing his/her obligations under the contract.

- 26.7 The Borrower and/ or Co-Borrower/Guarantor continue/s to be liable notwithstanding the assignment of the contract and its benefits by the Borrower or Co-Borrower/Guarantor as the case may be to any third party as an assignee with the consent of the Lender.

- 26.8 In the event of the Co-Borrower/Guarantor not being a party to the terms and conditions/contract, the clauses referring to the Borrower and the Co- Borrower shall be construed as applicable to the Borrower alone and the Borrower shall be bound not to take any plea that the terms and conditions/contract is not valid for the reason that the Co-Borrower/Guarantor is not a party to the terms and conditions/contract and the clauses referring to the Borrower and Co- Borrower have not been modified suitably as applicable to the Borrower.

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

The Lender may at its discretion or if instructed by Reserve Bank of India, classify the Borrower's account, immediately on default as SMA/NPA as detailed below:

SMA/NPA Sub - categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue between monthly due date
SMA -0	1-30 days
SMA -1	31-60 days
SMA -2	61-90 days
NPA	An account will be classified as NPA, if the instalment / Principal or interest applied at specified rests remains overdue for more than 90 calendar days

for

Authorised Signatory

CO-BORROWER/GUARANTOR

BORROWER

# Upgradation of Accounts classified as NPA (In accordance with the guidelines issued by the Reserve Bank of India):

Any account which slips into NPA shall be upgraded out of NPA status only if all the arrears of instalments and any other dues as on that date is paid and the account updated.

**Illustration:**

If the monthly instalment due dates of a loan account fall on April 05, 2021, May 05, 2021, June 05, 2021, July 05, 2021 and so on, the SMA / NPA classification for the respective due amount will be done upon running day end processes. The indicative SMA / NPA classification of the amount falling due on April 05, 2021 shall be as follows:

Monthly Due Date	Payment Status	Days Overdue	Upon Running Day end Processing on	SMA/ NPA Classification
April 05, 2021	<b>Amount due on 05-Apr-2021</b> not paid in full	Up to 30 days	April 05, 2021	SMA -0
	<b>Amount due on 05-Apr-2021</b> still not paid in full and the subsequent due amount also not paid	More than 30 days and upto 60 days	May 05, 2021	SMA -1
	<b>Amount due on 05-Apr-2021</b> still not paid in full and the subsequent due amount also not paid	More than 60 days and upto 90 days	June 04, 2021	SMA -2
	<b>Amount due on 05-Apr-2021</b> still not paid in full and the subsequent due amount also not paid	More than 90 days	July 04, 2021	NPA

26.10 **Grievance Redressal:**

If the Borrower / Coborrower / Guarantor have any grievance, they may approach the Grievance Redressal Officer at the registered office of the lender or contact \_\_\_\_\_ or email \_\_\_\_\_.

**ARTICLE 27 ACCEPTANCE**

The Borrower and the Co-Borrower/Guarantor declare that they have executed the contract after having understood the entire meaning of all the clauses.

for

Authorised Signatory

CO-BORROWER/GUARANTOR

BORROWER



### **FIRST SCHEDULE - LOAN DETAILS**

No.	Item	Particulars
1	Agreement No. & Date	
2	Loan Amount	
3	Rate of Interest (IRR)	
4	Loan Period	
5	No. of Instalments	
6	Interest Amount	
7	Total Contract Value	
8	No. of Advance Instalment & Amount	
9	Rate of Premium Payable for Premature closure of contract	
10	Rate of Penal Charges as provided Under Article 14 Sub Clause No. 14.1	
11	Other Charges	Please also refer to Schedule 1A to the in-principle sanction letter, for details of all other applicable charges

Guarantor

Co-Borrower

### **SECOND SCHEDULE – DETAILS OF ASSET (S)**

Asset	
Make	
Model	
Engine Number	
Chassis Number	
Registration Number	
Other Identity No. if any	

Borrower

for

Authorised Signatory

CO-BORROWER/GUARANTOR

BORROWER

### **THIRD SCHEDULE**

#### **Details of Instalment Repayment Schedule with Principal and Interest break up**

Sl. No.	Due Dates (Monthly)	Due Amount	Principal	Interest	Sl. No.	Due Dates (Monthly)	Due Amount	Principal	Interest
1					Total B/f...				
2					31				
3					32				
4					33				
5					34				
6					35				
7					36				
8					37				
9					38				
10					39				
11					40				
12					41				
13					42				
14					43				
15					44				
16					45				
17					46				
18					47				
19					48				
20					49				
21					50				
22					51				
23					52				
24					53				
25					54				
26					55				
27					56				
28					57				
29					58				
30					59				
Total C/o..					60				
					Total				

Guarantor

Co-Borrower

Borrower

for

**Authorised Signatory**

**CO-BORROWER/GUARANTOR**

**BORROWER**

**Key Facts Statement**  
**Part 1 (Interest rate and Fees / Charges)**

1	Loan Proposal / Account No.		Type of Loan	
2	Sanctioned Loan Amount (₹)			
3	Disbursal Schedule			
	(i)	Disbursement in stages or 100% upfront		
	(ii)	If it is stage wise, mention the clause of the loan agreement having relevant details.		
4	Loan Term (Months)			
5	Instalment details			
	Type of Instalments		Number of EMIs	EMI (₹)
				Commencement of repayment, post sanction
6	Interest Rate (%) and type (Fixed / Floating / Hybrid)			Fixed
7	Additional Information in case of Floating rate of Interest			
	Reference Benchmark	Benchmark Rate (%) (B)	Spread (%) (S)	Final Rate (%) $R=(B)+(S)$
			Reset Periodicity (Months)	Impact of change in the reference benchmark (for 25 bps change in 'R', change in
			B	S    EMI (₹)    No. of EMIs
	Not Applicable			
8	Fee / Charges			
	Particulars		Payable to Lender	
			One time/ Recurring	Amount in ₹ or %
			Payable to third party through Lender	
			One time/ Recurring	Amount in ₹ or %
	(i)	Processing Fees		
	(ii)	Insurance Charges		
	(iii)	Valuation Fees		
	(iv)	Any other (Pls. Specify)		
9	Annual Percentage Rate (APR) (%)			
10	Details of Contingent Charges (in ₹. Or %, as applicable)			
	(i)	Penal charges, if any, in case of delayed payment		36% p.a
	(ii)	Other penal charges, if any		-
	(iii)	Foreclosure charges, if applicable		3% of principal O/s
	(iv)	Charges of switching of loans from floating to fixed rate and vice versa		Not Applicable

Guarantor

Co-Borrower

Borrower

for

Authorised Signatory

CO-BORROWER/GUARANTOR

BORROWER

## **PART - 2 (OTHER QUALITATIVE INFORMATION)**

1	Clause of Loan agreement relating to engagement of recovery agents		Article 18
2	Clause of Loan agreement which details grievance redressal mechanism		Article 26.10
3	Phone number and email id of the nodal grievance redressal officer		
4	Whether the loan is, or in future maybe, subject to transfer to other Res or securitisation (Yes/No)		Yes
5	Incase of lending under collaborative lending arrangements (e.g., co-lending/ outsourcing), following additional details may be furnished:		
	Name of the originating RE, along with its funding proportion	Name of the partner RE along with its proportion of funding	Blended rate of interest
	Not Applicable		
6	Incase of digital loans, following specific disclosures may be furnished:		
	(i)	Cooling off/look-up period, in terms of RE's board approved policy, during which borrower shall not be charged any penalty on prepayment of loan	Not Applicable
	(ii)	Details of LSP acting as recovery agent and authorized to approach the borrower	Not Applicable

for

**Authorised Signatory**

**CO-BORROWER/GUARANTOR**

**BORROWER**

# SANCTION LETTER

To

Date \_\_\_\_\_

Dear Sir(s)/Madam,

**Reg: Your application dated.....for loan against the security of Vehicle/  
Machinery.....(make).....(model)  
..... Registration/Identification No.....**

We are pleased to inform you that we have, in principle, sanctioned a loan of Rs.....on following principal terms:

1	Terms of Repayment (in months)		
2	Rate of interest	IRR	% P.A.
		APR	% P.A.
3	No. of Instalments		
4	First Instalment due		
5	Amount of each Instalment		
	(a) From .....to .....		Rs.....
	(b) From .....to .....		Rs.....
6	Pre-Disbursement charges		
	a) Stamp Duty		Rs.
	b) Document Charges		Rs.
7	Other Service Charges		Rs.
8	<b>PENAL CHARGES/ADDITIONAL INTEREST</b>		.....% P.A.

(Wherever applicable, charges are subject to GST on inclusive/exclusive basis)

We invite your attention to Schedule 1A printed on the reverse side and also the annexures enclosed.  
**Please note that the validity of the above terms holds good only for 7 days from the date of hereof.**

Kindly signify your acceptance by signing the duplicate copy of this letter.

We thank you once again for choosing us.

Yours truly,

I/We agree to the terms and conditions and confirm having received a copy of this letter, along with the Annexures.

for

Authorised Signatory

CO-BORROWER/GUARANTOR

BORROWER

## **SCHEDULE 1A**

<b>SL No.</b>	<b>Description</b>	<b>Charges (Wherever applicable, charges are subject to GST on inclusive/ exclusive basis)</b>
1.	Cheque Collection Charges	Rs.11/- per Rs.1000 on Outstation Cheques
2.	Non PDC/Non Mandate Collection Charges	Rs.300 per EMI
3.	Cheque/Electronic Mandate Dishonouring charges	Rs.500/- per instance
4.	Charges for Issuing Duplicate Termination Papers	Rs.500/- per instance
5.	Charges for furnishing Statement of Transaction and Interest Principal Break up (more than once)	Physical statement will be provided free of cost once every year, in the month of April. For any additional requirement in physical form, Rs.500/-per statement will be levied
6.	Changes for swapping of cheques/electronic mandates	Rs.500 per instance
7.	Prepayment charges (other pre-closure/premature repayment or the part prepayment)	3% of the part amount paid or the principal outstanding as on the due date prior to settlement date, as the case may be, will be levied.
8.	Loan Cancellation Charges	Stamp duty, document charges are not refundable. Interest at the contracted rate from the date of disbursement upto the date of refund plus Rs.3,000 towards handling charges
9.	Non Submission of Registration Certificate Copy	Rs.1,000 per Asset/Contract as the case may be, if it is not provided within 6 months. Rs.2,000 per Asset/Contract as the case may be, if it is not provided within 12 Months.
10.	Non Submission of valid Insurance Policy Copy	Rs.1,000/- per Asset/Contract If it is not provided within 30 days from date of agreement and within 30 days from every renewal date,
11.	Rescheduling (without any part prepayment) charges	Rs.2,500/-
12.	Legal Repossession Expenses	Actuals
13.	Duplicate No Due Certificate/Duplicate NOC for LPG/CNG/ Other Special NOC	Rs.500 per Instance
14.	Termination Paper Revalidation Charges	Rs.500 per Instance
15.	NOC for change of usage of asset	Rs.2000 for commercial to personal and Rs.5,000 for personal to commercial subject to credit approval
16.	NOC for interstate Transfer	Rs.1000
17.	Assignment Document charges Processing fee for assignment	Rs. 750 1% on amount outstanding at the time of assignment
18.	Repossession -In the case of repossession of Assets, besides actual expenses incurred for repossession/seizure of assets which includes the amount paid/payable to the repossession agent: a) Stoppage charges (per occasion)	Actuals
19.	Traveling Expenses per month - Contracts which are in arrears with 1 due or more	Rs. 500/-
20.	Cash Handling Charges	Upto 10000 Rs.20; 10001 to 25000 Rs.50; 25001 to 50000 Rs.100; 50001 to 100000 Rs.200; 100001 to 125000 Rs.300; 125001 to 150000 Rs.400; 150001 to 175000 Rs.500; 175001 to 199900 Rs.700;
21.	Rate of Penal Charges payable for non-payment of instalments on due dates	3% per month
22.	Upon Borrower's failure to create charge with RoC within the stipulated time	1% fee payable every year on the Principal Outstanding

for

**Authorised Signatory**

**CO-BORROWER/GUARANTOR**

**BORROWER**