

MASTER LOAN AGREEMENT

This Agreement is made at _____ this _____ day of between **M/s. Arihant Financial Services Limited.** a Non Banking Finance [Financial] company registered with Reserve Bank of India and incorporated under the Companies Act, 1956 having its registered office at E/5, Ratlam Kothi, Indore (M.P.) hereinafter called "**AFSL**" or "**the Lender**" (which expression shall unless they be repugnant to the meaning or context thereof mean and include its successors in title and assigns) of the First Part; and _____ Residence / Office / registered office at _____ hereinafter referred to as the "**Borrower**" (which expression shall, unless It be repugnant to the meaning or context thereof. mean and include, where the Borrower is an individual or a proprietorship firm, his / her heirs, executors and administrators, where the Borrower is a partnership firm, the partners or partner for the time being of the said firm, the survivors or survivor of them and the heirs, executors and administrators of the last surviving partner, their or his assigns, where the Borrower is the Karta of a Hindu Undivided Family and the borrowing is for the purposes of the Hindu Undivided Family, the member or members for the time being of the said Hindu Undivided Family, and their respective heirs, executors, administrators and assigns, where the Borrower is a company, Its successors in title and permitted assigns, where the Borrower is the Board of Trustees of a Trust, its successors and where the Borrower is the Governing Body of a Society, the respective successors of the members of the Governing Body and any new members elected, appointed or co-opted) of the OTHER PART.

Whereas:

- A. AFSL is a non-banking finance company that undertakes the business of lending and finance, and as part of its business, provides loans against the deposit of Securities and / or finances purchase of Securities.
- B. AFSL has agreed to provide to the Borrower loan facility / facilities The Borrower has requested a master agreement be entered into between the parties, for any loan / financial facilities that may be provided by the Lender to the Borrower.
- C. In consideration of the Lender granting or agreeing to grant the facilities to the Borrower, the Borrower is desirous of executing this Agreement which sets out the general terms and conditions (so far as they may be applicable) to all the Facilities. The special Terms and conditions governing each Facility are set forth in their respective schedules in this Agreement as executed the Parties from time to time.

NOW THIS AGREEMENT WITNESSES AND THE PARTIES HERETO AGREE AS UNDER:

ARTICLE-1

DEFINITION AND INTERPRETATION

1 (A) Definitions:

- a. "Agreement" means this loan Agreement (hereinafter referred as Master Loan Agreement or Master Agreement or Loan Agreement) together with the Schedule of Terms executed between the Parties and Annexed hereto;
- b. "Application Securities" means Securities purchased by / allotted to the Borrower applied for out of the proceeds of the Loan or installments thereof as purchase / application moneys.
- c. "Current Account Facility" means the facility provided by the Lender to the Borrower in terms of Article 2.4 of this Agreement, (if so set out in the Schedule(s) to this Agreement).
- d. "Closing Market Price" means the rate of a given scrip at the end of the trading day in the respective segments of the respective stock exchanges, whichever is lower.
- e. "Disbursement means every amount advanced to Borrower under each Facility.
- f. "Event of Default" shall have the meaning set forth in Article 5.1
- g. "Expenses and charges" shall mean and include stamp duties, bank charges, entry loads, exit loads and other loads (by whatever name called), document charges, legal fees, holding costs, charges of

dematerialisation including all charges, payable to the depository participant for opening and operating a Securities account, dematerializing Securities, rematerializing Securities, expense for pledge, expenses for invoking pledge and all other expenses, registration charges, court fees and all other expenses for enforcement of the repayment or of dues under this Article or default interest, including the costs of enforcement, sale, realization, attempted enforcement, sale, realization or which are incurred in any other manner whatsoever by the Lender in pursuance of this Agreement and these expenses and charges shall be regarded as and shall constitute dues from the Borrower to the Lender and the borrower shall pay them forthwith as and when in the manner they are demanded by the Lender by means of a letter or invoice or otherwise.

- h. "Facility" means the maximum amount that may be advanced to the Borrower under each Schedule of terms.
- i. "Facility Balance" means the principal amount of each Facility advanced to the Borrower along with interest due, interest tax, default interest and other dues.
- j. "Facility Documents" in respect of each Facility means relevant schedule to Terms, the Security Documents, and power of attorney and / or any other deeds documents or writings as may be required by the Lender to be executed by the Borrower / Security Provider for the purposes of the facility.
- k. "Indebtedness of the Borrower" means any Indebtedness in respect of monies borrowed or liabilities contracted (including under guarantees, indemnities, hire purchase and easing) by the Borrower towards the Lender and shall be deemed to include any indebtedness of any associate / affiliated of the Borrower or a person or entity related to the Borrower, towards the Lender and any indebtedness of the Borrower and / or of any associated / affiliate of the Borrower or a person and entity related to the Borrower towards any subsidiary / associate / affiliate company of the Lender.
- l. "Interest Period" in respect of an Advance means the period beginning on the day that Advance was disbursed and ending on the last Banking Day in each calendar month or ending on the Repayment Date for that Advance.
- m. "Loan" means the aggregate sum of all Facilities.
- n. "Lender" means Arihant Financial Service Ltd. and alternatively called AFSL or Lender in this Agreement.
- o. "Loan Balance" means the aggregate sum of the Facility Balances.
- p. "Margin" means the difference in value between the Securities and the Facility Balance (in absolute terms). In percentage terms, Margins shall be calculated by using as: If the value of the Facility Balance is "a" and value of the Securities held by Lender is "b" then the Margin (as a percentage of the value of the Securities) is $(b-a) \times 100$. For this Agreement, calculation of Margin shall be made in percentage terms. The value of the Securities shall be calculated on the basis of Closing Market Price.
- q. "Offers of Securities" means offers made by an Offered for sale / purchase of Securities including, without being limited to, offers by way of book building, public offer, open offer, buy back of shares, placement, or an initial or continuous offer for sale.
- r. "Offered" means, in the event of an issue or sale, an issuer or offered of Securities or a mutual fund or any other entity of a like nature and in the event of a purchase, the entity making the open offer.
- s. "Schedule of Terms" means the schedule executed pursuant to this Agreement from time to time between the Borrower and the Lender governing the specific terms and conditions of each Facility.
- t. "Securities" for the purpose of this Agreement, shall mean securities as defined under section 2(h) of the Securities Contract Regulation Act, 1956 (as amended from time to time) and also includes debentures, bonds, RBI relief Bonds deposits, collateralized debt obligations and securitized debt instruments units of mutual funds etc.
- u. "Security Documents" means agreements, memoranda, incidental documents and all other instruments, by whosoever executed, by which security is created in favour of the Lender.
- v. "Security Provider" means and includes any party (including the Borrower) providing security for the repayment of the Loan Balance in the manner provided in these Agreement and Schedule(s) of Terms and the relevant Security Documents.
- w. "Tender Security" means the Security tendered or to be tendered in Offers of Securities.

1 B. Interpretation

In this Agreement unless the context otherwise requires.

- a. Words denoting the singular number shall include the plural and vice versa.
- b. The pronouns "He", "She", "it", and their cognate variations are used as interchangeable and should be interpreted in accordance with the context.
- c. Words denoting a person shall include an individual corporation company partnership trust or other entity provided however that clause specifically applicable to a company or a body corporate should not apply to any other entity.
- d. Heading and bold typeface are only for convenience and shall be ignored for the purposes of interpretation.
- e. Reference to the word "include" or "including" shall be construed without limitation.
- f. Reference to any part to this Agreement or any other agreement or Deed or other instrument shall include its successor or permitted assigns.
- g. Encumbrance includes mortgage, charge, lien, pledge, hypothecation or security interest of any description whatsoever and also "Negative lien" and "non disposal" undertaking, if any, given by the Borrower or the Security Provider.
- h. Schedules sub schedules and annexures to this Agreement shall form an integral part hereof.

This Agreement constitutes the Master Loan Agreement and the terms and conditions contained herein shall apply to all the disbursements as advance, loan, financial assistance or otherwise by the Lender to or on behalf of the Borrower including for the purposes of applying / bidding to offers of Securities and / or purchases / sale of Securities for tender in open offer. Each facility shall, in addition to the general terms and conditions of this Agreement, also be subject to the specific terms and conditions contained in the relevant schedule of Terms including its sub schedules, which will apply to such facility and shall form an integral part of this agreement in relation to the respective Facility it governs. Each Facility entered into when a separate schedule of Terms is signed shall constitute a separate transaction.

ARTICLE-2

TERMS OF THE LOAN

2.1 Amount of Loan

- (a) In consideration of the Lender providing and / or agreeing to provide one or more of Facilities to the Borrower, the Borrower hereby agrees to enter into this Agreement which sets out the general terms and conditions applicable to the Facilities, which facilities shall include one or more of the following.
 - (i) Loan against marketable Securities.
 - (ii) Financing the acquisition of Securities either through (A) Book building, (B) Public offer, (C) Open offer, (D) Buy-back of Securities, (E) Placement, or (F) An initial or continuous offer for sale after obtaining the necessary permissions from the stock exchanges and / or the SEBI.
- (b) The Lender hereby agrees to lend and the Borrower agrees to borrow the amounts listed in the respective Schedules of Terms annexed, or to be annexed to this Agreement. Each such amount shall jointly with all other amounts disbursed under this Agreement hereinafter constitute the "Loan".
- (c) Upon execution of a schedule pursuant to this agreement, the Facility provided there under shall be deemed to have been provided pursuant to this Agreement and the terms and conditions of this Agreement together with the Facilities Documents shall govern terms and conditions of such Facilities.

2.2 Facilities

- (a) Upon the execution of this Agreement, the Borrower shall be eligible to avail any of the approved Facilities, within such limits as may be prescribed by the Lender, and subject to the Borrower fulfilling the other conditions, and otherwise not being in breach of, any of the Terms and Conditions of this Agreement. At the time the Borrower in fact avails of any of the Facilities / Loan, the Borrower shall execute the relevant Schedule of terms, the Security Documents, and Power of Attorney and or any other incidental or specific documents as may be required by the Lenders before disbursing the amount under the Facility.
- (b) Notwithstanding the execution of this Agreement, it is hereby expressly agreed and confirmed by the Borrower that the Lender shall not be bound to grant the Loan / Facility to the Borrower (which decision shall be at the sole and exclusive discretion of the Lender) It is also agreed and understood by the Borrower that the Lender shall not be required to provide any reasons thereof for not advancing or granting any Facility to the Borrower nor shall the Lender be liable for damages (liquidated or otherwise) to the Borrower by reason of the Lender's refusal to grant any Facility to the Borrower.

2.3 Interest

The Lender shall charge interest and the Borrower agrees and undertakes to pay interest on each Facility at the rate specified under the Schedule(s) of Terms for each Facility. The interest, at the option of the Lender, may be payable upfront ("advance interest") or periodically or at the time of repayment of the Facility or partly each of the aforesaid methods. Interest Tax or any other charge / duty / tax as applicable to such transactions shall be payable by the Borrower (Does he want to say that it shall be paid by the Borrower on time).

Lender shall be entitled to charge [variable] interest at more than one rate of interest, if the loan Facility or any part thereof is secured against different type of Secured assets applicable to the relevant Facility or if the loan facility is granted under different schedule of terms.

2.4 Current Account Facility (applicable is specified in the Schedule(s) of Terms)

The Lender shall maintain an appropriate account in the nature of a current account in the name of the Borrower showing the Facility, the Margin paid by the Borrower from time to time, and the interest and other charges chargeable to the Borrower on the outstanding loan due and payable in the account. Interest will be debited to the account at the intervals specified in the Schedule of term(s) and the Borrower agrees and undertakes to pay the same within the period specified.

The Borrower agrees and acknowledges that at all times the amounts previously drawn and outstanding due together with amounts proposed to be drawn shall not exceed the Facility. Subject to this, whenever the Borrower wishes to draw sums out of the Facility, the Borrower shall inform the Lender not less than one working day in advance of his requirement and shall furnish to the Lender, such additional Securities to fulfill the Margin requirement as specified herein. The Lender shall not be obliged to disburse the Facility unless the Borrower shall have deposited the additional Securities and have fulfilled all other conditions as may be prescribed by the Lender from time to time.

If, at any time during the currency of this Agreement, the Borrower wishes to repay any part of the loan then outstanding, the Borrower may do so by giving to the Lender a notice of not less than two working days.

The Lender shall have the right to withdraw the Current Account Facility at any time during the currency of this Agreement without giving any notice to the Borrower.

2.5 Other Dues

The Borrower also undertakes to pay to the Lender, loan processing charges, service charges, any statutory tax, and duties if any specified in respective Schedule(s) of Terms, if any for each Facility, all expenses and charges incurred by the Lender in relation to this Agreement.

2.6 Repayment

The Borrower undertakes to repay to the Lender each "Facility Balance" in accordance with the provision in the relevant Schedule(s) of Terms, On occurrence of any Event of Default in accordance with the provisions of Article 5.2, the loan balance shall become forthwith payable. Further on recall of the loan or one or more

Facilities, the loan Balance or the Facility Balance(s) shall become payable in accordance with the provisions of Article 2.12.

2.7 Default Interest on Defaulted Amount

In the event of default in payment of interest or other dues or payment of the Facility Balance in accordance with the provisions of Article 2.6 the Borrower shall pay to the Lender, default interest at the rate specified in the Schedule(s) of terms annexed to this Agreement on the amount due, for the period of the default i.e. from the date when the amounts became due until payment of the same and shall, unless otherwise specified in the Schedule(s) of Terms, be payable upon the balance due with monthly rests.

2.8 Demand Promissory note

The Borrower shall execute 'Demand Promissory Note' and / or continuity note for the respective Facility and / or individual or aggregate amount, for which Facility is extended before availing any facility granted by the Lender which shall be treated as part & parcel of the Agreement entered into between Borrower and the Lender.

2.9 Appropriation under Facilities

The amounts paid by the Borrower under one or more Schedule(s) of Terms may at the discretion of the Lender, be appropriated by the Lender towards amount payable by the Borrower under other Schedule(s) of Terms Further, notwithstanding anything contained herein the Lender shall always have the power to sell / transfer or otherwise dispose of any and / or all collateral security given in favour of the Lender in respect of that / those Facility Balance, and appropriate the same towards satisfaction of amounts due to the Lender an account of Facility balance(s) in respect of other Facility.

2.10 Cross Default

The Borrower agrees and confirms that the Lender may at its absolute discretion appropriate any payments made by the Borrower under this Agreement and its Schedule(s) of Terms toward payment due from the Borrower and such appropriation shall be final and binding upon the Borrower who shall continue to remain indebted to the Lender for payment of dues under this Agreement in respect of which such sums of money were so paid but were appropriated towards another agreement or transaction entered into by the Borrower or towards another Indebtedness of the Borrower. Further notwithstanding the payment of any of the Facility Balance or the Loan Balance, the Borrower hereby expressly gives the Lender the power to sell / transfer, or otherwise dispose of any and all security created in favour of the Lender under the Security Documents or deposited with it or under its possession or control and appropriate the same towards satisfaction of amounts due to the Lender on account of another agreement or transaction entered into by the Borrower or any indebtedness of the Borrower. The provisions of this Agreement and any security documents executed pursuant to this Agreement shall apply mutatis mutandis to the manner of disposal of security and appropriation under this Article. This clause shall survive the termination of this Agreement.

2.11 Prepayment

Except where the Borrower has been provided current account facility, the Borrower shall not, without the approval of the Lender, be entitled to repay the outstanding amount of an Facility or the loan or any part thereof before the tenure or due date as per terms of the Facility. The Lender may at its discretion give approval subject to the Borrower fulfilling the terms and conditions as may be stipulated.

2.12 (A) Recall of the loan by the Lender

The Borrower agrees that the Lender can, at its discretion, recall the Loan or one or more Facilities by giving to the Borrower three working days notice in writing. The Lender may without notice, in the event of any postponement of the offer for application for Securities or tender Securities recall one or more Facility relating to the Application Securities or Tender Securities, as the case may be. It is specified that the repayment schedule(s) for each Facility is without prejudice to the Lenders rights to recall the Payout of the entire loan and to demand payment of the amounts due to the Lender under the Facilities or the loan Balance as the case may be.

Upon the expiry of the period of notice, or if no notice is required to be given the amounts due under this Facilities or the Loan Balance, as the case may be shall immediately stand repayable by the Borrower to the Lender and the security shall immediately become enforceable.

2.12 (B) Termination

- (i) Subject to other provisions stated in this Agreement the Lender may in its sole discretion and without assigning any reason terminate this Master Agreement. On the termination of the Master Agreement the Lender shall be entitled to recall the entire Loan Balances after issuing three days notice as provided in Article 2.12 (A) above.
- (ii) It is hereby expressly clarified that notwithstanding the termination of this Agreement or the recall of the loan or any Facility / Facilities granted to Borrowers prior to the receipt of the notice of termination shall continue and the obligations in relation thereof pursuant to this Agreement and / or the Facility Documents shall be duly performed.

2.13 Terms and Conditions for each Facility

The lender may, for each Facility, stipulate certain special terms relating to each such Facility. Such special terms shall be included in the Schedule(s) of Terms / Repayment Schedule(s).

2.14 General

The Borrower acknowledges that the rates of interest and of default interest agreed to by the Borrower are / will be reasonable and the rates of default interest represent pre-estimates of loss expected to be incurred by the Lender due to the non-payment of dues by the Borrower. The Borrower acknowledges that the Facility is a commercial transaction and specifically waives any defence under usury or other laws relating to or restricting interest.

ARTICLE-3

SECURITY AND MARGIN

3.1 Security

Each Facility Balance shall be secured by any or all of the following:

- a. Application Securities
 - b. Tender Securities
 - c. Securities deposited for fulfilling Margin requirements;
 - d. Guarantees, if any executed in favour of the Lender;
 - e. Any other Security as may be agreed to.
- (i) in consideration and as security for repayment of the dues together with interest, default interest, interest tax, charges, dues, fees thereon or otherwise due to the Lender and for due performance by the Borrower of its obligation under this Agreement, the Borrower and / or the Security Provider agrees to create an exclusive pledge in favour of the Lender of the Application Securities, Tender Securities and / or Securities deposited for fulfilling Margin requirements, and / or any other Security as may be agreed to and acceptable to the Lender (collectively 'Securities') more particularly described in the Schedule of Terms belonging to the Borrower and / or the Security Provider free from any third party charge, lien or other encumbrances and to the extent the Securities to be pledged are in dematerialized form, the Borrower and / or the Security Provider shall do all such acts, deeds and things and execute all such documents, declarations and forms as may be required to record / create the pledge under the depository system as per the provisions of the Depository Act, 1996 and the Rules & Regulations framed by the Securities Exchange Board of India (SEBI) and / or the Bye-laws of the concerned Depository and to do everything required to create all effective pledge in favour of the Lender.
 - (ii) The Borrower and / or the Security Provider hereby declare and confirm that the Securities agreed to

be pledged as per Article 3(i) above belong / shall belong to them absolutely and that they have or will have sufficient authority and power to create any pledge or lien or other Security interest therein for securing any loan or borrowing and the same are / shall be free from any charge or other encumbrances (save and except the charge in favour of the Lender) and not subject to any lock-in provisions and the Borrower and / or the Securities Provider undertake to keep them as such during the subsistence of the Agreement.

- (iii) The Borrower and the Security Provider hereby unconditionally and irrevocably appoint and constitute the Lender acting through any of its nominees, and / or employees as its Constituted Attorney to inter alia, create the pledge over the Securities as per Article 3.1.(i) above and if the Lender so requires, the Borrower and the Security Provider agree to execute a separate power of attorney in this behalf: Provided however that the absence of such separate power of attorney shall not in any way affect the power and authority hereby conferred.
- (iv) **The Borrower and / or the Security Provider hereby, agree and confirm that the Lender will have full right and power to create a pledge, transfer or assign the Securities hereby agreed to be pledged, to secure that Lender's borrowing from any bank or NBFC or any other lender by way of refinance or otherwise and in that connection the Lender may delegate its powers and authorities under the powers and authorities under and / or pursuant to article 3.1 (iii) above, to and in favour of such bank, NBFC or any other Lender.**
- (v) The Borrower and / or the Security Provider agrees that the Lender may in its turn, place any of the Securities placed by him / her it as Margin by way of pledge or hypothecation or Margin on his behalf with exchanges, banks or other lending institutions to meet its own obligations, as the Lender may deem fit. The Borrower authorizes the Lender to do all such acts deeds and things as may be necessary and expedient for the above purpose.
- (vi) The Borrower and / or Security Provider shall not have any right to proceed in any manner against the exchanges, banks or other lending institutions in respect of the Securities pledged by the Lender in the matter of any dispute between the Borrower and the Lender, which may or may not concern Securities provided by the Borrower.
- (vii) The Borrower and / or Security Provider and the Lender hereby agree and confirm that all rights, liabilities and obligations pertaining to the pledged Securities shall be subject to the rights of the exchanges, banks or other lending institutions in whose favour pledge has been created by the Lender. The Borrower hereby further agrees and confirm that the pledge created in favour of exchanges, banks or other lending institutions by the Lender shall not be released or discharged until repayment of the loan availed by the Lender from exchanges, banks or other lending institutions. The Borrower shall raise no objection to any action taken by exchanges, banks or other lending institutions against the Lender pursuant to the aforesaid pledge.

3.2 Margin of Security

The Lender may require the Borrower to maintain or cause to maintain with the lender at all times a Margin of such percentage as stipulated in the Schedule(s) of Terms consisting of Securities acceptable to the lender. The computation of the value of the Securities shall be based on the "Closing Market Price". The lender may calculate the Margin in respect of each Facility separately or collectively, in respect of the loan. The Borrower further agrees that the Lender may increase the Margins depending upon the volatility of the Stock Markets at its sole discretion and the Borrower agrees and undertakes to comply with the same and shall not question the said increase in the Margins.

3.3 Additional Security

- (a) In the event that the market value (or net asset value in the case of units) of the Security falls, under any other circumstances or pursuant to increase in the Margins, if the Lender deems fit, the Lender shall serve upon the Borrower a notice as stated in Article 7.4 below demanding additional Security by way of delivery of further Securities, and the Borrower undertakes that within 24 hrs from the receipt of the notice from the Lender, the Borrower shall make up the difference either by payment in cash to the Lender or by causing the delivery of additional Securities, acceptable to the Lender, of the value necessary to make up the difference. The Borrower shall also execute and submit to the lender, such Security along with the necessary documents for creation of the Security. Notwithstanding the above, that on Event of Default as enumerated under Article 5.1 has occurred, the Lender will also have the option to sell and transfer any portion of the Securities and apply the amount realized towards liquidation of part of the Facility Balance or the loan balance, so as to maintain the Margin referred to in Article 3.2 above and the Schedule(s) of Terms attached

hereto'.

- (b) Notwithstanding the above, all further or other Securities which shall / may be pledged with the lender as well as other accretions, entitlements and benefits in respect of the Securities which the lender is entitled to, including without limitation all corporate benefits in respect of each of the Securities shall be deemed to be pledged in favour of the Lender pursuant to this Agreement without any further act, instrument or deed and the terms and conditions of this Agreement shall mutatis mutandis apply to such accretions as if they had originally been pledged with the lender pursuant to this Agreement.
- (c) If the Securities or any accretion or entitlements in respects thereof inadvertently come to the possession of the Borrower and / or the Securities Provider without the authority of the lender, then the Borrower and / or Securities Provider, as the case may be, shall forthwith deliver such Securities to the lender and until the Borrower or Securities Provider so delivers such Securities to the lender, he / she / it / they shall hold such Securities in trust and for the benefit of the Lender.

3.4 Right of immediate sale

- 3.4.1 Notwithstanding anything contained in Article 3.3 if the value of the Margin falls to the percentage specified in the Schedule(s) of Terms or below, notwithstanding any notice given for making up the Margin, the Lender is hereby empowered immediately and without reference to the Borrower to dispose of the Securities by sale or otherwise and forthwith transfer the proceeds to the Lender towards liquidation of Facility Balance or the loan Balance, as the case may be. In the event that the Lender is unable to dispose of the Securities by sale on the stock exchange or by repurchase by the mutual fund (as the case may be) for any reason, the Lender may dispose of the Securities by way of on "off market transaction" (disposal through a sale) and all the costs incurred by the Lender for such transaction shall be to the account of and shall be reimbursed by the Borrower.
- 3.4.2 Notwithstanding anything stated contained herein the Borrower agrees and confirms that in the event of the Borrower failing to comply with the Margin requirement as may be notified by the Lenders, the Lender and / or the _____ (the Lender's Lender) shall have the right to sale and dispose off the Securities so pledged by the Borrower with the Lender and / or _____ (the Lender's Lender) without any objection whatsoever and howsoever by the Borrower and the Lender and / or shall not be responsible for any resultant loss that the Borrower may incur on account of such action.

3.5 Other provisions relating to Security

- a. Security may be created, either by the Borrower or with the permission of the lender, by any other person offering Security (Security Provider) for the repayment of the Facility Balance.
- b. In the absence of specific Security Documents, letters or other written communication in this specific connection between the Lender and the person creating the Security shall be considered to be and shall form part of this Agreement.
- c. The Lender may require the Security Provider to, at the time of delivery of Securities; execute such Security Documents as the Lender may prescribe.
- d. The Lender may assent at anytime during the continuance of this Agreement, to the replacement / substitution of all or any portion of the Securities with new Securities.
- e. All Securities delivered, pursuant to the provisions of this Agreement and any bonus of rights Securities received shall become and form part of the Security.
- f. The Lender may at its discretion hold the Security in its own name and account or in the name and account of the Security Provider and may whenever it deems necessary require the Security Provider to transfer the Securities in its name and account. The Lender shall, at any time during the tenure of the agreement be entitled to transfer Security in its own name and account.

3.6 Income from the Security

The Lender shall have authority to collect and receive, either in the name of the Security Provider or in the Lender's own name all the corporate benefits and such other benefits and privileges arising out of the

Securities ("Income from the Security "). The Borrower hereby undertakes to issue or cause to issue to the companies or mutual funds, of whose share or loan or unit capital, the Securities comprised in the Security form part, or to the depository or to the depository participants concerned mandates and such other necessary instructions to pay all dividends, interest and money payable on redemption of preference shares and such other benefits and privileges to Lender or to its order. The Lender shall be entitled to appropriate the Income from the Security towards repayment of any of the Facility Balance, the loan Balance and/or any other amounts owed to the Lender by the Borrower or on account of the Indebtedness of the Borrower.

3.7 Banks and DP Account

The lender may, at anytime until the repayment of the loan Balance, open a bank account in the name of the Security Provider or jointly in the name of the Security Provider and the lender or cause the Borrower to open the said account, to enable the lender to receive all dividends, interest and moneys payable on sole / redemption of Securities and all rights Securities, bonus Securities and such other benefits and privileges out of the Securities. Likewise the lender may also open a client account with any Depository Participant to hold the Security or any part thereof.

3.8 Lien

The lender shall have the first lien on all the amount that may be deposited in the Bank account / s is opened pursuant to Article 3.7. The lien shall become effective from time to time when such bank account / s is opened.

3.9 Other Provisions Relating to Security

- (a) This Agreement shall be enforceable against the Borrower notwithstanding that any negotiable instrument and / or Security may be outstanding or available.
- (b) Nothing in this Agreement shall be construed as limiting, restricting, making void or otherwise negating any right of set off in favor of the lender existing or arising in common law, by statute or otherwise howsoever.
- (c) During the subsistence of this Agreement all voting rights in respect of the Securities pledged to the Lender shall be exercisable solely and exclusively by the Lender, as the Lender deems fit and subject to directions, if any, of the Reserve Bank of India, unless the Lender otherwise agrees.
- (d) The Lender may in its sole discretion release, and / or permit withdrawal of any of the Securities from any of the pledges and deliver the same to the, Borrower on such terms and conditions as the Lender may think fit.

ARTICLE-4

BORROWER'S COVENANTS AND WARRANTIES

4.1 Clear Title

The Borrower / hereby declares assures, represents and warrants that, the Securities forming part of the Security is the Borrower's absolute property and the same is free from any encumbrances charge or lien and the Borrower has full and absolute authority to create the charge in favour of the Lender. The Borrower / hereby indemnifies and shall keep the Lender indemnified against all cost, charges, expenses, penalties, claims, demands and damages including legal charges that the Lender may incur or be put to by reason of any third party claiming any right, title or interest in respect of the Security.

4.2 Other Representations and Warranties

The Borrower hereby further represents and warrant to the Lender as follows.

- (i) It is company duly incorporated under the Companies Act 1956 and nothing in this Agreement conflicts with the memorandum or articles of association of the Borrower,

<Applicable only where the Borrower is a company> is a corporate body duly incorporated under its constituting law and nothing in this Agreement conflicts with the constituting or incorporating documents of the Borrower < Applicable only where the Borrower is a corporate body> is a partnership firm duly constituted in accordance with the Indian partnership Act, 1932 and nothing in this Agreement conflicts with the deed of partnership <Applicable only where the Borrower is a partnership firm> is / are individuals competent to contract under the Indian Contract Act 1872 < Applicable only where the Borrower/s is / are an individual/s>: the entities as mentioned in the Schedule of Terms respectively hereunder writer.

- (ii) Any information / declaration provided by the Borrower or Security Provider (either individually or jointly) in relation to the loan or other Facility(s) availed by the Borrower under this Agreement, is true and correct and complete in all respects and bonafide;
- (iii) The persons, if any, availing of and operating each Facility for and on behalf of the Borrower are duly authorized by the Borrower to do so;
- (iv) The Borrower is fully empowered to enter into this Agreement and to perform obligations hereunder and in the Facility Documents, and this Agreement and the Facility Documents have been duly executed and delivered by the Borrower as may be required, and constitute a legal, valid and binding obligation of the Borrower, as the case may be, enforceable against him / her / it/ them in accordance with their respective terms;
- (v) All accounts and financial statements furnished by the Borrower to the Lender have been prepared in accordance with accounting standards and practices in force in India consistently applied during the periods Involved (except as stated in the published financial statements) and present truly and fairly the financial position and result of operations of the Borrower, and save as mentioned above, the Borrower has no liabilities or obligations of any nature (absolute, accrued, contingent or otherwise) which are not fully reflected or reserved against in the balance sheet included in such financial statements;
- (vi) No proceedings have been initiated or events occurred in connection with insolvency, bankruptcy, protection against creditors or as a relief undertaking or other similar matters in relation to the Borrower, and there is no order for the appointment of a receiver, administrator or other similar person or authority in relation to the business, Borrower(s) in full compliance of the Securities and Exchange Board of India (Substantial Acquisition of Securities and Takeovers) Regulation, 1996. The Borrower(s) hereby unconditionally agrees that if in view of the lender there is any breach of these Regulation by the Borrower, lender shall have the right to terminate this Agreement on the ground of the Borrower having committed an Event of default lender shall be entitled to sell the secured assets without any notice to the borrower / guarantor and no further Advance shall be made to the Borrower.

4.3 Other covenants

- a. The Borrower declares, assures and warrants that nothing in this Agreement conflicts with any law, regulation or bye law of the Central or a State Government or any local or revenue / tax or statutory authority, including the Securities and Exchange Board of India and the Reserve Bank of India, or a stock exchange or any such other authority, which is binding on the Borrower and assures and warrants that the Borrower is not in arrears of any due to the above authorities.
- b. The Borrower warrants that it shall promptly inform the lender if the Borrower or Security Provider voluntarily and involuntarily becomes the subject of any insolvency or bankruptcy law or if the Borrower or the Security Provider is a company, of any notice received by it of any application for winding up having been made or statutory notice of Winding up under the provisions of the Companies Act, 1956 or, without limitation, any other notice under any other law or otherwise any suit or other legal proceedings intended to be filed or initiated against it.

- c. The Borrower shall inform the lender of any notice / suit / petition / attachment / execution or legal process under any law or otherwise intended to be filed or initiated against the Borrower and / or the Security Provider and affecting the title of the person/s creating the Security to the Securities or if a receiver / Liquidator is appointed in respect of the same. The Borrowers shall not claim any immunity for itself or any of its assets from any proceedings initiated or to be initiated in relation to this Agreement or the Security documents.
- d. The Borrower shall keep all Security Provider(s) informed of the provisions of this Agreement and the Schedule(s) of Terms attached hereto.
- e. If the Borrower is a Partnership Firm, it shall:
 - i. Promptly notify the lender of any change in the constitution of its partnership whether on account of the admission of a new partner or the retirement, death or insolvency of any partner;
 - ii. Not take any steps for dissolution of its partnership at any time during the term of this Agreement without intimating the Lender in writing.
- f. If the Borrower is a Company, it shall:
 - i. Promptly notify the lender of any change in the constitution of its Board of Directors whether on account of the admission of a new director or the retirement, death or insolvency of any director;
 - ii. Not take any steps for change in its shareholding pattern, capital structure, Merger / amalgamations, change in control of the management at any time during the term of this Agreement without the prior written consent of the Lender in writing.

4.4 Suspension of Facility

If any Event of Default has occurred or is continuing, and the Borrower has not withdrawn the whole of the Facility or Facilities, the Lender shall have the right to suspend or terminate further disbursements.

ARTICLE-5

EVENTS OF DEFAULT AND TERMINATION

5.1 Events of Default

Each of the following events is, and shall be deemed to constitute, on "Event of Default" if the Borrower and / or Security Provider (wherever applicable)

- a) Defaults in the payment of any instrument of the facility, any installment of interest or any expense or charges as and when they become payable;
- b) Defaults in making good the Margin requirement under Article 3.3 within the period of notice specified in the said article;
- c) Has made any material misrepresentation of facts, including (without limitation) in relation to the Security;

- d) Has voluntarily or compulsorily become the subject of proceedings under any bankruptcy or insolvency law or being a company, goes into Liquidation or has a receiver appointed in respect of its assets or refers itself to the Board for Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking;
- e) Being a partnership firm has any steps taken by the Borrower / Security Provider and / or its partners for dissolution of the partnership.
- f) Dies / becomes lunatic or of unsound mind or is disabled.
- g) Is unable to pay its debts or has admitted in writing its inability to pay its debts, as and when they become payable, or suffer any adverse material change in his / her / its financial position or defaults in any other agreement with the Lender,
- h) Failure to intimate commencement of a legal process under any criminal law in force,
- i) Have taken or suffered to be taken any action for its reorganization, liquidation or dissolution.
- j) Failure to intimate appointment of a receiver, an administrator or a liquidator;
- k) Being in breach of any term, condition or covenant of this Agreement (including in respect of payment of the Facility Balance) or any Agreement in relation to the Security or the Facility Documents;
- l) Giving any incorrect or untrue statement in respect of if any covenant or warranty;
- m) Creation of any encumbrance over the Security, or otherwise taking any action towards creation of such encumbrance over the Security,
- n) Failure to intimate or put the title of the Security in jeopardy or if there is on attachment or lien against the Security;
- o) Acts / or desists from acting in any manner which will jeopardise the Security or the power vested in the lender under the Power(s) of Attorney from being exercised solely by the lender (action through its Authorised representatives);
- p) Create or fail to intimate the existence of any other circumstance or event, which in the sole opinion of the Lender is prejudicial to the interest of the Lender.

5.2 Notice :

On the occurrence of any Event of Default or any event, which after a lapse of time is a potential Event of Default, the Lender shall give notice of 24 hours to the Borrower in writing specifying the nature of such Event of Default or of such potential Event of Default. If the Event of Default is capable of being rectified or remedied, the Borrower shall rectify the default or such event before the expiry of the notice. If the Event of Default arises on account of the Borrower not making good the Margin, notice as specified and Article 3.3 shall be given to the Borrower. No notice shall be required to be given if the borrower / Security Provider has made any material misrepresentation as to any facts, more particularly in relation to the Security.

Upon the expiry of the period of notice or if no notice is required to be given, unless the Lender gives further time or other accommodation in writing, the Loan Balance shall immediately stand repayable by the Borrower to the Lender and the Security provided shall immediately become enforceable. The Lender may also terminate this Agreement at any time after the expiry of the period of notice.

In the event that the Event of Default is the reference or application made by the Borrower for declared as a sick company under any legislation relating to financially weak companies including

(without limitation) the Sick Industrial Companies (Special Provisions) Act, 1985 or the Bombay Relief Undertaking (Special Provisions) Act, 1985, no notice shall be required under this Article and the Loan Balance shall be deemed to have become payable to the lender immediately before the making of the reference or application and the Security shall be deemed to have become simultaneously enforceable.

ARTICLE-6

ENFORCEMENT OF THE SECURITY

- 6.1** Upon the Security becoming enforceable, under Article 2.12 or under 5.2, the Lender shall, without prejudice to its other rights and remedies, be entitled to and shall have absolute power and authority to use its discretion to sell and dispose of the Security or any part of the same by public auction or by treaty, without (as far as may be) the intervention of the Court, and when the Lender may, in its absolute discretion, deem fit and to apply the net proceeds of such sale in satisfaction so far as the same will extend towards liquidation of the loan Balance. The Lender shall have the power to transfer / sell the Security without any further notice or recourse to the borrower or the Security Provider. The borrower hereby agrees and undertakes not to raise any dispute as to the value at which the Security is transferred by the Lender and shall ensure that the Security Provider does not raise a dispute and the decision made by the Lender shall be final and binding on the Borrower / Security Provider. The Lender shall not be liable for any loss arising due to the sale or transfer of the Security under this Article.

Notwithstanding any cancellation or termination pursuant to the provisions of the **Article 6**, all the provisions of this Agreement including without limitation the right to enforce the Security provided hereunder shall continue in full force and effect as herein specifically provided mutatis mutandis till such time as the loan Balance is repaid by the Borrower.

6.2 Making good any shortfall

If the net sum realized by the sale under Article 6.1 is found insufficient to cover the full amount of the Indebtedness of the Borrower, the Borrower agrees to pay to the Lender forthwith at the Lender's demand such amount as will make up the shortfall:

ARTICLE-7

GENERAL

7.1 Grant / Assignment / Transfer

- (a) The Lender may grant / assign / transfer to any other person / bank / financial institution, for any purpose whatsoever, any of its rights under this Agreement, the Schedule(s) of Terms / Repayment Schedule / s attached hereto and the facility Documents and Security Documents, including the right to receive the Loan Balance and / or any amounts received / receivable by the Lender in respect of / in relation to the Securities and in particular may grant / assign / transfer such rights by way of a sale or as a charge or as a Security and any person to whom such rights are granted / assigned / transferred shall be entitled to the full benefit of such rights. Save as aforesaid, this agreement shall be binding upon and shall endure for the benefit of the Lender and its successors in title and assigns.
- (b) Notwithstanding the generality of the foregoing, the Lender may at anytime, without any consent of or further reference to the Borrower, sell, Securities, assign or transfer all or any of his / her / its / their rights, benefits and / or obligation under this Agreement to any other persons, companies, firms, Lenders and / or financial institutions and / or obtain risk participation or financial participation in the Facility from any other persons, companies, firms, Lenders or financial institutions and the same shall be binding on the Borrower.
- (c) The Borrower shall not during the continuance of this Agreement create in favour of third parties a mortgage or a lien or otherwise charge or encumber any of the Securities and Securities for the time being offered to Lender as Security or intended to be the subject of

this Security for or permit any act whereby the said Security hereinbefore expressed to be given to the Lender shall be in any way prejudicially affected. However the Borrower acknowledges that the Lender is at liberty to further pledge/mortgage any of the Securities and Securities for the time being offered by the Borrower or intended to be offered by the Borrower pursuant to this agreement.

- (d) In the event of any default in payment of the Facility Balance or any part thereof or breach of any provision of this Agreement; by the Borrower, the Lender or its nominees shall be entitled to be registered as the beneficial owner of the dematerialized Securities or such part thereof as the Lender deems fit and the Borrower irrevocably agrees and undertake not to object to the same.
- (e) The Lender shall also have the right to convert the dematerialized Securities into physical Securities and vice-versa and the Borrower / Security Provider shall take all such steps required in that regards as required by the relevant laws for the time being in force.
- (f) In the event of the Lender selling, assigning and / or transferring its rights, benefits and obligations under this Agreement and / or obtaining risk or financial participation, all the terms, conditions, representations, warranties, and covenants contained herein on the part of the Borrower shall be valid, binding and in full force and effect in favour of the other persons, companies, firms, lenders and / or financial institutions which may be the transferees or which may be participating in the Facility.

7.2 No Waiver

No delay in exercising or omission to exercise any right, power or remedy accruing to the Lender upon any default under this agreement shall impair any such right, power or remedy or shall be construed to be a waiver thereof or any acquiescence in such default, nor shall the action or inaction of the Lender in respect of such default or any acquiescence by it in any default, affect or impair any right, power or remedy of the Lender in respect of any other default.

- 7.3 If, due to any circumstances, the Lender does not give the Borrower the notice referred to under Article 2.12 or Article 5.2 above, prior to enforcement of the Security, or if the Lender enforces the Security prior to the expiry of the period of notice, the Borrower agrees that he shall not be entitled to any remedy.

7.4 Notices

Any notice or request to be given or made in this Agreement to the Lender or the Borrower shall be given by an email at the email address mentioned by the borrower or by Short Messaging Services (SMS) on the mobile phone of the Borrower and shall be deemed to be given and made when delivered to the party to which it is required to be given or made at such party's address as shown in this Agreement or as subsequently modified by notice in writing to the other party. Such notice or request shall be deemed to have been delivered on sending of the email or SMS as the case may be, by the Lender to the Borrower.

- 7.5 Notwithstanding anything contained, herein, if the Lender is informed or becomes aware of another similar agreement or transaction entered into by the Borrower or by any associate / affiliate or any person or entity related to the Borrower, with the Lender, the Lender may use the Margin that may be deposited with the Lender under such agreement toward fulfillment of the Margin requirement of the Borrower and vice versa and consequently, any Securities deposited by the Borrower with the Lender which is in excess of the margin required to be maintained herein, shall not be returned to the Borrower in the event that such Securities are appropriate by the Lender towards fulfillment of the margin requirement under such other agreement.
- 7.6 If one or more rights or provisions set forth in this Agreement is invalid or unenforceable, it is agreed that the remainder of the Agreement shall be enforceable and that, to the extent permitted by law, the parties' intentions, as reflected in any right or provision that is invalid or unenforceable, shall be given effect to.

7.7 Disclosing of information

The Borrower hereby irrevocably agrees and consents that the Lender shall be at all times be entitled to disclose and Security with or in any manner make available to any agencies, bureau's, companies, firms, associations, corporate or unincorporated bodies and other persons including any outside agencies and Credit bureau's (whether for its use or for its own use or for onward communication or disclosure by them to others) any information whatsoever concerning the Borrower including the Borrower's account/s, the Borrower's financial relationship and history with the Lender, the manner of operation of the Borrower's account(s), the debit or credit balance in any and all account/s of the Borrower, any default/s by the Borrower, any Security created by the Borrower in favour of the Lender for this or any other financial relationship or facilities granted or to be granted to the Borrower and/or the identities, age, address, telephone and Fax numbers and other information of or relating to the Borrower's Directors, shareholders, members, partners, and proprietors (hereinafter collectively referred to as "the information"). The Borrower shall not hold the Lender responsible for sharing and / or disclosing the information now or in the future and also for any consequences suffered by the Borrower and / or others by reason thereof. The provisions of this clause shall survive even after the term/termination of this agreement and the repayment of the Borrower's dues by the Borrower.

7.8 Facility Documents

- a) This Agreement containing the general terms and conditions in respect of the loan shall be read along with the concerned Facility Documents (which includes the relevant Schedule of Terms and the Security Documents) executed by the borrower at the time the Borrower actually avails of the Facility / Facilities.
- b) The general provisions stated in Article 2 hereinabove, shall apply to all Facilities so far as they may be applicable. It is hereby expressly clarified and understood by the Borrower that where any of the general provisions are not applicable to the concerned facility the same shall be ignored and will not affect the terms and conditions pertaining to that concerned Facility and / or the Facility Documents.
- c) Each of the representations and warranties contained in Article 4 above (so far as they may be applicable to the Facility / Facilities availed of by the Borrower) shall be deemed to be given by the Borrower at the time of executing this Agreement and shall be deemed to be continuing representations and warranties which shall be deemed to have been repeated by the Borrower on the date of and on the date prior to each of the proposed sanctioning Facility / Facilities / disbursement is made / to be made in accordance with the terms and conditions of this agreement and the concerned Facility Documents.
- d) In case of any ambiguity or inconsistency or difference between this Agreement and the concerned Facility Documents, the Facility Documents shall prevail.

7.9 Variation of the terms and conditions of the Facility:

The Borrower agrees that Lender may in its discretion from time and without assigning any reason terminate the facility, change the interest rate, increase or decrease the Facility amount, required the Borrower to furnish additional Security acceptable to the Lender, specify the Securities acceptable to it, declare as unacceptable, Securities accepted by it on an earlier occasion change the requirements of Security composition, criteria, maximum / minimum number of scripts, margin, and / or require the Borrower to reduce the debit balance in the Account to a limit acceptable to the Lender and the Borrower shall be bound by the same. All such changes / variations shall come into effect forthwith upon notification by the Lender and the Borrower shall keep himself informed of the same. Securities declared by the Lender to be unacceptable shall nevertheless continue to be pledged to the Lender unless the Lender releases them.

7.10 Arbitration

Any and all disputes arising out of or in connection with this Agreement and the Schedule(s) of Terms / Repayment Schedule/s attached hereto or the performance of this Agreement shall be settled by arbitration to be referred to a sole arbitrator to be appointed by the Lender and the award thereupon shall be binding upon the parties to this Agreement. The place of the arbitration shall be in Mumbai, in accordance with the provisions of the Arbitration and Conciliation Act, 1996 and any statutory amendments thereof

The Lender hereby states and the Borrower hereby confirms that the Lender has entered into this agreement and acted pursuant to the agreement in good faith and relying upon the representations made by the Borrower and believing the same to be true and complete in all respects.

- 7.11 "The Borrower agrees that the Lender may in its turn place any of the Securities placed by him / her / it as Margin by way of pledge or hypothecation or margin on his behalf with exchanges, banks or other lending institutions to meet its own obligations, as the Lender may deem fit, The Borrower authorize the Lender to do all such acts, deeds and things as may be necessary and expedient for the above purpose"
- 7.12 The Borrower shall not have any right to proceed in any manner against the exchange, banks or other lending institutions in respect of the Securities pledged by the Lender in the matter of any dispute between the Borrower and the Lender, which may or may not concern Securities provided by the Borrower.
- 7.13 The Borrower and the Lender hereby agree and confirm that all rights, liabilities and obligations pertaining to the pledged Securities shall be subject to the rights of the exchange, banks or other lending institutions, in whose favour pledge has been created by the Lender. The Borrower hereby further agrees and confirm that the pledge created in favour of exchange, banks or other lending institutions by the Lender shall not be released or discharged until repayment of the loan availed by the Lender from exchanges, banks or other lending institutions. The Borrower shall raise no objection to any action taken by exchange, banks or other lending institutions against the Lender pursuant of the aforesaid pledge.

IN WITNESS WHEREOF the parties hereto have set and subscribed their respective hands the day and year hereinabove mentioned.

SIGNED AND DELIVERED

By Arihant Financial Services Ltd.
By its Director/Authorized Signatory

SIGNED AND DELIVERED
By the within named Borrower

Witness

Witness